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# ***JPRS Report***

# **China**

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## NEAR EAST/SOUTH ASIA

### RENMIN RIBAO Views Talks on Afghan Issue *HK011534 Beijing RENMIN RIBAO in Chinese* 1 Mar 88 p 6

["Roundup" by Shi Zongxing [0670 1350 2502]: "On the Eve of Reopening Indirect Talks"]

[Excerpt] On 9 February, Cordovez, the personal representative of the UN secretary general, concluded his shuttle visits between Afghanistan and Pakistan. Since then, diplomatic consultations on the Afghan issue have been carried out continuously by the various parties concerned. For example, the Soviet Union's first vice minister of foreign affairs visited Pakistan; the minister of state for foreign affairs and the secretary of foreign affairs of Pakistan visited the United States, Britain, China, Saudi Arabia, and Iran; and one of the main subjects of the recent U.S.-Soviet foreign ministers meeting in Moscow was the Afghan issue.

The headquarters of the Islamic Alliance of Afghan Holy Warriors in Peshawar has become the focus of the attention of the press. The main leaders of the seven organizations of the alliance held continuous meetings there to formulate their action policies under the new situation. After long discussions, on 23 February, they announced a proposal on organizing a provisional government. The announcement of this proposal evoked two kinds of reactions. Pakistan held that the proposal represented a "positive step," and the United States also expressed its "complete welcome" to the proposal. Cordovez, the UN official responsible for mediating in the Afghan conflicts, also called it a "promising" proposal. However, the Soviet Union and the Kabul regime rejected the proposal and maintained their proposal of last year on setting up a "national reconciliation government." They claimed that Najibullah's position as "the president of the country must be maintained."

The Pakistani Government repeatedly indicated that the Afghan issue must be "solved in an all-round way." Not only must the issue of the Soviet Army's withdrawal be

solved, but a provisional government must also be established as soon as possible. Only thus can Afghanistan really restore peace, and only then can the 3 million Afghan refugees in Pakistan return home safely and honorably. On the other hand, the opposition in Pakistan urged the government not to take the establishment of the provisional government in Afghanistan as a condition for signing the Geneva agreement, otherwise it might "miss an opportunity." In view of this situation, President Ziaul Haq decided to hold a joint meeting of the two houses of the parliament to debate the Afghan issue. According to other reports, Prime Minister Junejo invited some major leaders of the opposition to discuss the Afghan issue with the government on 5 March. Recently, the mass media's comments and coverage were not focused on the schedule of the Soviet troop withdrawal, but on the issue of whether the force withdrawal should be linked with the establishment of a new government in Afghanistan. In fact, this has become the focus of the struggle over the Afghan issue at present.

Pakistan holds that the troop withdrawal is indeed very important, but that it is merely an international factor for the settlement of the Afghan issue. If the Kabul regime continues to exist after the Soviet troops are withdrawn, the resistance forces will not agree to cease fire, and a serious civil war will continue in Afghanistan. If that is the case, the 3 million Afghan refugees in Pakistan will not be willing to return home for reasons of security, and more refugees may pour into Pakistan. Due to such concerns, the Pakistani Government does not agree to the Soviet Union's merely withdrawing its troops without bearing any responsibility for settling the refugee problem. The Pakistani Government holds that when discussing the force withdrawal with the Soviet Union, it is also necessary to urge the Soviets to seriously consider the establishment of a provisional government in Afghanistan. Only thus can Afghanistan prevent continuing bloody conflicts after the Soviet troop withdrawal.

It is still hard to say whether the coming talks in Geneva will be the last round of such talks. People generally hold that the Afghan issue has reached a "critical juncture."

**Need for 'New Way of Thinking' To Further Marxism**

40050121 Beijing GUANGMING RIBAO in Chinese  
25 Jan 88 p 3

[Article by Li Xingmin [2621 6821 3046]: "Encourage Pluralism in Marxist Philosophy"]

[Excerpts] As we all recognize, Marxist philosophy is a science. But not everybody fully understands this saying's profound implications. It must first be pointed out here that science differs completely from religion and law. One obeys a law and worships a religion, but he studies, criticizes, furthers, and applies science.

As a science, Marxist philosophy naturally has the spirit, character, norms, and structure common to all science, such as skepticism, impartiality, and tolerance. But consciously or otherwise, the traditional way of thinking rejects Marxist philosophy's scientific general character and turns it into a religious dogma to be worshipped and a law to be obeyed absolutely. Superficially, we seem to have done Marxist philosophy a "favor." In reality, we have completely deprived it of its scientific attributes. If Marxist philosophy is to make significant progress in the modern era, we must lose no time in breaking free from the traditional way of thinking in favor of a new one. I believe we should reform in the following three ways:

First, we must break free from the traditional thinking pattern which regards everything Marxist as correct and adopt a new skeptical, critical way of thinking.

Skepticism (that is, scientific skepticism, not the kind that holds everything as suspect) is an important part of the scientific spirit. It insists that there be no pinnacle, idol, or taboo in science. A skeptical, critical spirit is not a symptom of the decline of science but a guarantee of scientific development and progress.

Any scientific theory has its own proper time and place. Once it oversteps its boundary, even truth will become a falsehood. The same is true for Marxist philosophy, which is neither universally applicable nor appropriate for all times. Some predictions made by Marx and Lenin in their times and even a number of their fundamental viewpoints have been rendered obsolete by reform in socialist nations and by the adjustment of social relations in capitalist nations through legislation, elections, and social lubricants (social insurance, employment benefits, shortening of the work day, and the improvement of working conditions.) Because of historical and personal limitations, some individual conclusions and important tenets in Marxist philosophy were wrong to begin with, including a number of basic ideas in Engels' "Natural Dialectics" and Lenin's "Materialism and Empirio-Criticism," not to mention Marxism's original theory of knowledge, which contains a host of things that have long failed to keep up with the rapid advances of modern science.

The founder of Marxist philosophy never claimed that his school of thought was the "absolute truth." Nor did he let people "just stand by one side, looking spell-bound at this absolute truth" and idle away their time. Replacing the old infallible thinking pattern with a new skeptical critical way of thinking both meets the urgent needs of developing modern Marxism and is consistent with the modest attitude and enterprising spirit of Marxism's founder.

Second, break free from the egotistic thinking pattern and adopt a new scientific, impartial way of thinking.

Science is fair and honest. It is free from favoritism and the idea of privilege. Such is the impartiality of science. Scientific impartiality mercilessly strips every science of the privilege of egotism and treats all science as equal.

That all science is equal has two meanings. First, science is equal before rationality and practice; anything that calls itself science must submit itself to a rigorous examination by rationality and a strict inspection by practice. Second, in the garden of science, any scientific theory, any scientific school of thought, has its own right to exist and its own legitimate status.

A state or a political party may choose to build itself on a school of thought and ascribe to it a supreme position. In the domain of academic research, however, no scientific theory has the privilege of being elevated above other scientific theories. Marxist philosophy is no exception. In the past, we put Marxism on a pedestal artificially. As a result, our self-imposed restrictions and parochial arrogance prevented us from studying other philosophies and schools of thought. We made a fool of ourselves by quoting conclusions from the classics willfully and unreasonably attributing to Marxism a host of newly-discovered priorities. To interpret Marxist philosophy with a new way of thinking that treats all science as equal is not to devalue Marxism. Rather, it will genuinely restore its scientific character, bring it back to solid earth from the sacred realm of heaven, and revive its youthful vigor.

Third, break free from the traditional unitary thinking pattern and adopt a pluralistic way of thinking. Science is totally different from theology and autocratic politics. Such brutality as burning Bruno to death and slashing Zhang Zhixin's throat will never happen in science. On the contrary, all scientific thought, hypotheses, and speech can be freely expressed, their proponents free from persecution for holding a different opinion. This is the tolerance of science, which is totally incompatible with a unitary way of thinking and demands a diversification of the thinking process.

Marxist philosophy has suffered much from the unitary way of thinking. We called for adherence to Marxist philosophy, but neglected to develop it. We stuck to the old philosophy instead of opening it up. We were concerned with struggle and disallowed absorption. We

criticized others but did not let others criticize us. Even interpretations were invariably uniform since only a senior official or some "authority" had the say. Everybody else had to obey submissively. There was no freedom of independent thinking. Consequently, Marxist philosophy became narrower and narrower.

A pluralistic way of thinking requires that Marxist philosophy be completely opened up to scrutiny. There is no need to force a consensus regarding how this is to be done and the direction of development. Our best course

of action at the moment is to begin with the following three steps: actively introduce the latest achievements of natural science and social science and remold the conceptual framework of Marxist philosophy; study and analyze in earnest other modern philosophies and boldly absorb their sound elements; and encourage and support the formation and development of various branches of Marxist philosophy and draw up specific legislation to ensure genuine academic freedom.

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## PROVINCIAL

### Liaoning 1987 Economic Communiqué

SK180651 Shenyang LIAONING RIBAO in Chinese  
12 Feb 88 p 4

[Communiqué on the Statistics of 1987 Economic and Social Development, issued by the Liaoning Provincial Statistical Bureau—date not given]

[Text] Under the leadership of the CPC Central Committee, the State Council, the provincial party committee, and the provincial People's Government, the people of various nationalities throughout the province scored new achievements in the national economy and social development in 1987 thanks to earnestly implementing the general principle of conducting reforms and opening to the outside world; vigorously developing the planned commodity economy; and extensively carrying out the campaign of increasing production and practicing economy as well as increasing income and curtailing expenses by regarding the work of "tapping potential, improving quality, combating extravagance, and of increasing economic results" as a main task. According to initial statistics, the province's gross national product reached 66.5 billion yuan, a 9.5-percent increase over the 1986 figure; its national income reached 56 billion yuan, a 9.5-percent increase over the 1986 figure; and its total industrial and agricultural output value reached 99.25 billion yuan, a 12.2-percent increase over the 1986 figure. On the basis of scoring a stable increase in production, the province increased its financial revenues in the year. Markets in both urban and rural enjoyed brisk sales. The province enlarged its foreign economy and trade, further improved the people's livelihood, and achieved new development in scientific, technological, and educational undertakings. Over the past year, the province's trend in economic development has been fine. However, there are still some unstable factors in the economic life and the problem in which the general demand surpasses the general supply has not been fundamentally dealt with.

#### 1. Agriculture

Agricultural production achieved stable development. The total agricultural output value in 1987 is expected to reach 9.8 billion yuan (calculated in term of constant prices), a 4.8 percent increase over the 1986 figure. Of this increase, that of planting undertakings reached 5.2 percent and that of forestry, animal husbandry, and fishery undertakings reached 4.3 percent. Despite suffering from disasters such as excessive spring moisture, a spring cold spell, summer drought, and hailstorm, the province still reaped a bumper grain harvest. The total output of grains and soybean reached 12.763 million tons, a 541,000 ton increase over the 1986 figure, thus, 1987 is the third year in which our province has had a high grain yield. Except for the output decrease of cotton and oil-bearing seeds because of the sowing acreage reduction, the province still scored an increase over the

1986 figure in other production. Of this increase, that of flue-cured tobacco reached 51.3 percent, that of beet reached 30.3 percent, that of tussah cocoon reached 56 percent, that of vegetables reached 7.9 percent, and that of fruits reached 16.1 percent. The production of forestry, animal husbandry, and fishery also achieved new development. The province planted 2.29 million mu of trees and upgraded somewhat the quality of its forests. The number of draft animals reached 3.153 million, a 0.4-percent increase over the 1986 figure. The volume of fresh eggs reached 308,000 tons, a 0.8-percent increase over the 1986 figure; that of fresh milk reached 16,000 tmns, a 5.4-percent increase over the 1986 figure; and that of aquatic products reached 780,000 tons, a 16.4-percent increase over the 1986 figure. However, the province scored a decrease in raising hogs. The number of hogs reached 9.304 million, a 9.8-percent decrease over the 1986 figure and the volume of pork, beef, and mutton reached 573,000 tons, a 2.6-decrease over the 1986 figure.

The province newly upgraded the standard of agricultural technologies and installations. By the end of 1987, the total driving power of farm machines reached 9.504 million kw, a 5.5-percent increase over the 1986 figure. The total number of various tractors reached 176,000, an 8.6-percent increase over the 1986 figure. The volume of agricultural fertilizer (net volume) reached 673,000 tons, a 7.4-percent decrease over the 1986 figure. The volume of rural power consumption reached 3.88 billion kwh, a 14.9-percent increase over the 1986 figure. The farmland capital construction of winter also achieved new development.

The rural economy became more prosperous and various undertakings achieved overall development. The province's total product of the rural society reached 38 billion yuan (calculated in term of the current prices), a 19.5-percent increase over the 1986 figure. Of this product, the total output value of town enterprises reached 26.26 billion yuan, a 34.1-percent increase over the 1986 figure.

The major problems of agriculture are as follows: The means of production incurred serious shortage, farmland incurred steady reduction, and the intensive farming and agricultural input still needs to be enhanced.

#### 2. Industry

Industrial production increased in a sustained and stable manner. The annual total industrial output value amounted to 89.45 billion yuan, a 13.1-percent increase over the previous year. When excluding the output value of rural industry at or below the village level, the total industrial output value was 77.74 billion yuan, a 10.2-percent increase over the previous year. Light and heavy industries coordinated their development. The output

value of light industry was 25.006 billion yuan, a 10.1-percent increase over the previous year; and that of heavy industry, 52.732 billion yuan, a 10.3-percent increase.

The deepening of enterprise reform and the marked increase in enterprises' vitality promoted technological progress of enterprises and the readjustment of product mix, and effected a substantial increase in the production of top-brand, quality, scarce, and readily marketable products and the products exported for earning foreign exchange. The output of major light industrial products was as follows:

Products	1987	Increase over 1986 (pct)
total television sets	833,000	77.5
Color TV sets	212,000	130
Household refrigerators	139,000	250
Bicycles	2,155,000	8.7
Cassette recorders	445,000	20.3
Cigarettes	491,000 cartons	6.7
Beer	427,000 tons	12.8

Heavy industrial enterprises further readjusted their service orientation, the output of major products for supporting agriculture increased greatly, and the energy industry developed rapidly, thus playing a guarantee role in promoting the stable growth in the entire industry.

The output of major heavy industrial products was as follows:

Products	1987	Increase over 1986%
Crude oil	11,453,000 tons	12.2
Electricity	38.3 billion kwh	10.7
Steel	11,272,000 tons	4.2
Rolled steel	8,057,000 tons	6.2
Chemical fertilizers	652,000 tons	20.2
Chemical insecticides	13,045 tons	76.3
Cement	11,628,000 tons	3.9
Plate glass	7,715,000 heavy boxes	8.7
Small tractors	29,428	28.5
Motor vehicles	38,702	31.0
Locomotives	186	11.4
Machine tools	19,523	-1.7

Along with the deepening of the campaign to "increase production and practice economy and increase revenues and cut expenditures," economic efficiency improved somewhat. The income from selling products by budgetary state-run industrial enterprises increased by 14.9 percent, the total volume of profits and taxes delivered by these enterprises increased by 7.7 percent, the amount of deficits incurred by money-losing enterprises declined by 4.9 percent, and the productivity of the whole people-owned industrial enterprises rose by 6.1 percent.

Industrial enterprises throughout the province scored relatively good achievements in conserving energy resources and improving product quality. In 1987, these enterprises conserved a total of 1.89 million tons of standard coal, overfulfilling the annual target. In 1987, the province won 19 state gold and silver medals, ranking third in the country. Of these medals, 9 were gold medals, ranking first in the country.

Industrial enterprises constantly deepened reform. The "one-contract and five-reform" system was vigorously instituted among large and medium-sized enterprises. In 1987, a total of 587 large and medium-sized enterprises instituted various forms of contracted management responsibility system, accounting for 82 percent of the total. There were 2,521 small enterprises and leasing enterprises, and 678 enterprises carrying out shareholding system on an experimental basis. The deepening of reform further strengthened the vitality of enterprises.

Major problems of industrial production were: The improvement in product quality and the changes in the variety of products were unsuitable for the social demands and the changes in consumption structure; and economic efficiency of some enterprises was not good enough.

### 3. Transportation, Post, and Telecommunication

Transport departments fulfilled their annual tasks fairly successfully, and the strained situation in transportation was alleviated as compared with the previous year. The volume of cargo handled by various means of transportation throughout the province was 151.1 billion ton/km, a 3.5-percent increase over the previous year. Of the total, the volume of cargo handled by trains within the areas under the jurisdiction of the province was 88.34 billion ton/km, a 2.8-percent growth; and that of cargo handled by motorized transport vehicles was 13 billion ton/km, a 22.6-percent growth. Of the cargo handled by vehicles, 3.04 billion ton/km was handled by private vehicles, a 7.7-percent increase. The waterway cargo transportation volume was the same as the previous year. The cargo handled by the two major harbors of Dalian and Yingkou totaled 47.226 million tons, rising by 4.1 percent over the previous year. The volume of cargo handled by civil planes and through oil and gas pipes showed an increase of 4.7 and 1.3 percent, respectively, over the previous year. The volume of passengers transported by various means of transportation throughout the province was 37.99 billion person/km, 9.4 percent more than the previous year. Of the total, the volume of passengers transported by trains within the areas under the jurisdiction of the province increased by 8.4 percent over the previous year, that of passengers transported by motorized vehicles by 11.4 percent, that of passengers transported through waterways by 40 percent, and that of passengers transported through civil aviation within the areas under the jurisdiction of the province by 12.4 percent.



Post and telecommunications business transactions throughout the province totaled 217 million yuan, 15.2 percent more than the previous year. Urban telephone users increased by 26,700 in the whole year, and rural telephone users by 3,900.

Major problems in transportation, post, and telecommunication were still the lack of power, and backward postal and telecommunications facilities.

#### 4. Fixed Asset Investment and Construction

By implementing the principle of "ensuring key, planned and productive projects and reducing nonessential, unplanned and nonproductive ones," the province was able to keep capital construction within a certain scope, improve the pattern of fixed asset investment, and intensify key and productive construction projects. Capital construction investment made by state-owned units totaled 8.622 billion yuan, 27.5 percent more than the previous year. Considering price rises, the actual growth was 14.2 percent. Of the total, investment in productive projects was 5.475 billion yuan, a 48.9-percent increase over the previous year; and that in nonproductive projects was 3.147 billion yuan, a 2.0-percent increase. The proportion of productive projects rose from 54.4 percent in the preceding year to 63.5 percent, and that of nonproductive projects declined from 45.6 percent to 36.5 percent. Investment in the 57 large and medium-sized key projects of the province totaled 4.18 billion yuan. Of these projects, the nine large and medium-sized ones whose construction was organized by the state in line with a reasonable schedule met the demands of plans in terms of speed. The first-phase Shifo water source project in Shenyang, and 2 other key projects, which should be completed and commissioned according to state requirement, and 11 single-item projects were completed and commissioned basically according to schedule. Newly added production capacity of the year included 1.95 million tons of coal, 3.6 million tons of iron ore, 2.4 million tons of crude oil, 320,500 kilowatts of power generating capacity, 1.3 million heavy boxes of glass, 30,000 tons of nitrate, 148,000 tons of cement, 1,000 tons of beer, and 100,000 tons of water and 140,000 cubic meters of gas in urban areas a day.

Technical transformation was carried out to enable Liaoning, an old industrial base, to regain its vigor, and in line with the demands for improving product quality, increase variety and raise the level of enterprises. Projects aimed at increasing the strength for sustained economic growth, earning foreign exchange through export, and developing north, east and west Liaoning were accelerated, thus promoting the technological progress of enterprises. The province's investment in projects involving renewal of equipment and other technical transformation measures totaled 7.609 billion yuan, 20.4 percent greater than in the previous year. Considering price rises, the actual growth was 4.4 percent. Projects completed and commissioned in the year totaled 3,621, and the commission rate was 1.5 percent

higher than the previous year. A total of 5.95 billion yuan of fixed assets were newly added in the year, and their utilization rate was 6.2 percent higher than the previous year.

The construction industry achieved new progress in production and reform. The output value created by state construction and installation enterprises throughout the province was 5.21 billion yuan, 26.5 percent more than the previous year. The per-capita productivity exceeded 10,000 yuan for the first time. A total of 66.4 percent of the enterprises instituted the system of signing contracts to fix the amount of wages for every 100 yuan's worth of finished work, and 91.6 percent of the enterprises instituted the multifomed economic contract responsibility system.

Long construction period, poor quality and low returns of fixed asset investment and the construction industry had yet to be basically improved.

#### 5. Commerce and Prices

The scope of the commodity circulation of our province was further expanded, and urban and rural markets became more thriving. The volume of commodity retail sales was 31.3 billion yuan, an increase of 17.5 percent over the previous year. The actual increase was 7.8 percent when considering price rises. Of the total, the retail sales of consumer goods totaled 28.59 billion yuan, 17.0 percent more than the previous year. When allowing for price rises, the actual increase was 7.7 percent. Among the retail sales of consumer goods, those of foodstuffs grew by 17.1 percent, those of clothes by 10.3 percent, and those of other necessities by 20.8 percent. Compared with the preceding year, the retail sales of farm and sideline products closely related to the people's lives grew by a fairly large margin, with edible vegetable oil increasing by 23.8 percent, pork 10.4 percent, vegetables 11.9 percent, and edible sugar 17.8 percent. Fashionable clothes and durable consumer goods continued to sell well. The sales of clothes rose by 9.5 percent, those of color televisions 10.3 percent, those of tape recorders 21.6 percent, and those of refrigerators 120 percent.

While actively giving play to the role of state commercial units as the major circulation channel, the province carried out active work to develop individual commercial units, and trade fairs, thus enabling the various sectors of the economy to develop in a coordinated manner. The retail sales volume of state commercial units increased by 13.9 percent over the previous year, that of collective commercial units 12.4 percent, and that of individual commercial units 36.0 percent. Their proportion was 43.4, 32.8 and 16.7 percent, respectively. The number of urban and rural trade fairs increased to 2,342, and their annual transactions totaled 5.18 billion yuan, 30.2 percent over the previous year.

Commercial reform was deepened continuously. A total of 88 percent of the large and medium-sized commercial, catering and service enterprises under the provincial commercial department instituted the management contract responsibility system, and 86.3 percent of the small enterprises had their ownership changed, or were contracted or leased out.

The general level of retail prices of the province rose by 9.0 percent over the previous year. The retail prices of cities rose by 9.7 percent, those of county seats 9.8 percent, and those of rural areas 6.7 percent. The price index of consumer goods grew by 9.0 percent. Among the price index of various consumer goods, that of foodstuff increased by 11.2 percent, of which vegetables increased by 11.9 percent, meat, eggs and poultry by 19.3 percent, and that of aquatic products by 21.3 percent; that of clothes increased by 5.9 percent; that of daily necessities by 6.5 percent; that of books, newspapers and magazines by 4.1 percent; that of pharmaceuticals and articles for medical treatment by 7.5 percent; and that of fuel by 9.8 percent.

Major problems in market supply and commodity prices were the conspicuous contradiction between the supply and demand of major commodities, particularly the strained supply of some important commodities; the continuous increase in institutional purchases; and the substantial price rises, which exceeded planned targets, and the fairly large scale of the commodities whose prices rose. Because commodity prices had been raised for 2 years in succession, and the wages of staff members and workers had not increased correspondingly, the actual income of some residents declined.

## 6. Foreign Trade and Tourism

Foreign economic relations and trade developed sustainably. The provincial export value via foreign trade ports amounted to \$3.79 billion, a 25-percent increase over the previous year. Of this, the value of commodities exported by the province was \$1.94 billion, a 19.9-percent increase. The total value of commodities procured for export amounted to 7.19 billion yuan, an 8.1-percent increase.

Along with the accelerated pace of opening Liaodong peninsula to the outside world, the province's investment climate improved greatly, coastal areas began to develop export-oriented economy, and new progress was made in utilizing foreign capital. In 1987, the province signed 200 contracts on utilization of foreign capital, with the total value amounting to \$570 million, a 28.8-percent increase over the previous year; and the amount of foreign capital practically utilized by the province came to \$550 million, a 500-percent increase over the previous year. Sino-foreign joint venture and cooperative enterprises and foreign-funded enterprises increased rapidly. In 1987, the province approved the establishment of 57 Chinese-foreign joint venture and cooperative enterprises and foreign-funded enterprises, of

which, 85 percent were productive enterprises. By the end of 1987, the province had a total of 211 joint venture and cooperative enterprises and foreign-funded enterprises, of which, 120 were commissioned and started business. In 1987, the province signed 348 contracts on importing technologies, with the contract value reaching \$150 million, and the sum of foreign capital practically used by the province amounted to \$210 million. Meanwhile, the province signed 43 contracts on undertaking foreign projects and labor service contracts, with the contract value reaching \$11.89 million. The business volume covered by these contracts amounted to \$14.15 million.

The tourist industry developed rapidly in the province. In 1987, the province received more than 100,000 visitors from 120 countries and regions to sightsee, tour, visit relatives and friends, engage in cultural exchange activities, and hold trade talks, increasing by 26.3 percent over the previous year. Foreign exchange earned through tourism during the year topped 100 million yuan for the first time, and amounted to 120 million yuan of (Renminbi for foreign exchange use), or \$51.6 million, showing an increase of 14.8 percent over the previous year.

## 7. Finance, Banking, and Insurance Trade

The province's financial budget was implemented in a good manner. The 1987 provincial revenues amounted to 10.58 billion yuan, 100.7 percent of the budgeted figure, or a 7.0-percent increase over the previous year. The 1987 provincial expenditures amounted to 8.02 billion yuan, 95.1 percent of the figure covered by the readjusted budget, or showing a 6.2-percent increase over the previous year. Deducting incomparable factors, such as increased expenditures on price subsidies, the real expenditures dropped by 0.4 percent. Of this, appropriations for capital construction dropped by 14.7 percent, agricultural expenses increased by 1.3 percent, educational operating expenses increased by 1.6 percent, and administrative expenses increased by 5.1 percent.

The reform of banking structure helped the province invigorate its money circulation, enhance the force of bank money, improve the efficiency of loans, control the scale of credits and loans, and maintain the balance between revenues and expenditures. At the end of 1987, the savings deposits amounted to 39.88 billion yuan, 8.14 billion yuan more than the figure in early 1987, or showing an increase of 25.6 percent. The amount of loans issued by banks and credit cooperatives was 56.45 billion yuan at the end of 1987, an increase of 8.64 billion yuan or 18.1 percent over the figure in early 1987. Banks throughout the province issued 420 million yuan of bonds, borrowing 19.54 billion yuan, and lending 14.44 billion yuan. The invigorated circulation of funds vigorously supported the development of production, construction, and various undertakings.

New progress was made in the province's insurance trade. The varieties of insurance increased from 110 in the previous year to 123, revenues from domestic insurance premium programs increased by 94.3 percent, and revenues from foreign insurance premium programs increased by 22.3 percent.

#### **8. Science and Technology, Culture and Education, Public Health, Physical Culture and Sports, and Environmental Production**

The province scored great achievements in science and technology and in making technical progress among enterprises. State-run institutions throughout the province had 555,000 natural science personnel, a 39,000 persons increase over the 1986 figure; and had 417,000 social science personnel, a 57,000 persons increase over the 1986 figure. The province scored more than 2,500 scientific and technological results in natural science. Of these results, more than 800 items are important results and 46 results won national invention and technical progress prizes, 468 items of invention won state patent rights, a 1.2-fold increase over the 1986 figure. The province increased 4,000 varieties of new products. Of this increase, 100 products reached the world standard, which have provided favorable conditions for implementing the "spark plan" to enliven the rural economy.

Meteorological departments provided accurate and timely forecast in the year and a large amount of information and service, and made contributions to wncreas-ing economic results.

The province further readjusted the educational structure and achieved development in various educational undertakings. The number of general higher educational institutions which have graduate classes increased from 23 in 1986 to 26 in 1987. They accommodated 5,570 graduate students, an 11.2-percent increase over the 1986 figure. General senior middle schools throughout the province accommodated 113,000 students. Secondary educational departments improved the system of carrying out general and vocational education simultaneously. Secondary specialized schools throughout the province accommodated 89,000 students, agricultural and vocational middle schools accommodated 138,000 students, general senior middle schools accommodated 275,000 students, and general junior middle schools accommodated 1.774 million students. The province made progress in adult education while readjusting it. Adult schools of higher, secondary, and elementary education throughout the province accommodated 1,758 million students, a 48.1-percent increase over the 1986 figure.

The province improved the facilities and conditions somewhat in the fields of culture, public health, and physical culture and sports. The province increased in the number of cultural and art centers, cultural statimns, public libraries, and museums. The radio broadcasting coverage rate reached 63.8 percent and that of television

broadcasting coverage reached 72.8 percent. The province had 82 categories [4429] of newspapers and 2,117 categories of periodicals and magazines. The province's television dramas, such as "NUERHACHI," "The Snow Wild," and "The First Day of the New Year," won first or second class national prizes.

The province has basically established the network of medical, public health, and health-care throughout both urban and rural areas. Liaoning province, to date, has had 207,000 public health technical personnel, of whom 70,000 personnel are doctors. The province has had 172,000 patient beds, of which, 152,000 beds are in the hospitals, showing an increase over the 1986 figure. It has markedly curtailed the occurrence of ordinary infectious and endemic diseases, scored the highest standard in preventing or eliminating diseases, and continuously upgraded the level of the people's health. However, urban people still often incur difficulty in seeing a doctor and rural areas generally lack medical-care and medicine.

Our province scored fairly good achievements in sports. During domestic and foreign competitions, we won a total of 144 gold medals, of which 58 came from various international competitions with more than 3 countries. Six persons broke or (surpassed) 6 world records on 10 occasions, and 10 persons broke or (surpassed) 11 Asian records on 14 occasions. During the sixth national games, our provincial athletes ranked no. 2 in the total number of gold medals and ranked no. 3 in group scores and won the honorable title of spiritual civilization sports delegation.

Our province further strengthened its environmental protection work and succeeded in improving the urban environment. The annual polluted water disposal rate reached 31 percent, the annual industrial waste gas disposal rate reached 54 percent, and the annual industrial waste residue comprehensive utilization rate reached 25 percent.

#### **9. People's Livelihood**

On the basis of developing production, we continued to improve the livelihood of urban and rural people. Based on the sample survey, the average annual per-capita income of the urban residents was 891 yuan, an increase of 11.5 percent over the previous year. If the rise of prices was factored in, the increase was 1.6 percent. Average annual per-capita expenditures for the cost of living of urban residents was 883 yuan, an increase of 16.8 percent over the previous year. If the rise of prices was factored in, the actual increase was 6.4 percent. The average per-capita net income of peasants was 597 yuan, an increase of 12 percent over the previous year. If the rise of prices was factored in, the actual increase was 4.6 percent. Average per-capita expenditures for the cost of living of peasants was 470 yuan, an increase of 8.5 percent. If the rise of prices was factored in, the actual increase was 4.4 percent.

Jobs were provided for 288,000 job-seekers in cities and towns throughout the province. The total number of workers and staffers by year end reached 9.683 million, an increase of 2 percent over the previous year. There were 457,000 self-employed workers in cities and towns. The total wages of workers and staffers throughout the province came to 14.03 billion yuan, a 14.2-percent increase over the previous year. The average annual per-capita wages of workers and staffers was 1,466 yuan, up 11.1 percent over the previous year. If the rise of prices was factored in, the actual increase was 1.2 percent.

### 10. Population

Our province was in the third birth peak period. The base figure of the population of marriage and child-bearing age was big. Together with the improved birth policy, the number of births increased. However, thanks to our efforts to regulate births according to plan, we succeeded in controlling the trend of the sharp increase in births. The birth peak caused less impact on the population growth. An estimate based on the census survey among 1 percent of people showed that the annual birth rate was 17 per thousand; the death rate was 5.5 per thousand; and the natural population growth rate was 11.5 per thousand. By the end of the year, the total population of the province reached 37.8 million people, an increase of 540,000 over the previous year.

**Sichuan Views 'Great International Circle'**  
*HK240557 Chengdu SICHUAN RIBAO in Chinese*  
11 Mar 88 pp 1, 2

[Article by Reporters Yao Zhineng (1202 1807 5174) and Lo Ming (5012 7686): "Seize the Chance and Act Boldly—Sichuan's Strategic Thinking on Joining the Great International Circle"]

[Text] The year 1988 is the last Dragon Year of the 20th century.

As the new year opened, pictures of dancing gold dragons appeared outside our door. In particular, the coastal regions, following Comrade Ziyang's instructions, are regarding the development of export-oriented economy and participation in international exchange and competition as their main orientation for economic development, thus taking firm steps into the great international circle.

Guangdong: The province is opening up more, has had more powers delegated to it, is vigorously promoting foreign trade and exports, and is thus continually expanding its international market.

Fujian: Has further emancipated its mind, improved its soft environment, and acted as fast as possible in allowing foreign businessmen to manage enterprises along international conventional lines, thus creating a new situation.

Shanghai: Is advancing amid reflection and will mount the international stage with a still bolder posture. It will look outside for its raw materials and markets and engage in large-scale importing and exporting, regarding this as the fundamental way to resolve Shanghai's outstanding contradictions and invigorate its economy.

Jiangsu: Output of its township and village industries exceeded 60 billion yuan in 1987, and surpassed that of state-owned industry. In this excellent situation, the province has proposed a new path for developing export-oriented economy.

In the face of this situation of flourishing vigor in the coastal regions of China, what should be the reaction of Sichuan, which won fame as a path-breaker in reform? The province's highest policy-making stratum is considering the matter; entrepreneurs in business circles and scholars in theoretical circles are considering the matter; and the comrades in practical work departments are also considering it. Here we record their remarks made at forums and discussions on special topics regarding the counter-strategy to be adopted by Sichuan in developing its economy in view of the new development strategy for the coastal regions. These ideas and proposals are initial, but nevertheless highly valuable.

### Eliminate Basin Consciousness, Enhance Consciousness of Opening Up

Changes in concepts are the heralds of reform. Sichuan is an interior province with poor communications, lack of quick access to information, low level of development of commodity economy, and lack of sufficient democratic consciousness, and with a strong "basin consciousness" of self-sufficiency and the closed door. Hence, it is evidently extremely important for Sichuan to enhance its consciousness of opening up in order to join the great international economic circle. Comrade Lu Anhe of the provincial party committee's research office said: By gaining further understanding of the profound implication of "opening up to the world," we can broaden our vision with regard to opening up. In the past we simply interpreted "opening up" as opening the country's doors and allowing and waiting for foreign countries to come in, and as simply buying from abroad the things we urgently needed and importing technology and management experience. In doing so we were only considering the matter from the viewpoint of use value.

Now it appears that the implication of opening up to the world is that we should break out to play our proper part on the world economic stage. It is still more necessary to view the importance and necessity of opening up to the world from the angle of value. According to the theory of the great international circle, we should actively take part in international division of labor and competition; we should not only engage in importing and exporting in China but should also open factories and offices in third countries, to gain comparative advantage. We will gain increased value from these economic activities.

Some people are worried that with the climate being right for the coastal regions to join the great international circle and develop export-oriented economy, and with the state encouraging those regions to take the lead in joining the international market and giving them preferential policies in investment and foreign trade, the gap between Sichuan and those regions will grow still greater. Some people are worried that Sichuan, "famed for grain and pigs," will develop into the "rural area" or "third world" of the coastal regions, due to the fact that the "dual structure" economy contrast between it and the coastal provinces and municipalities is so great. Others are worried that with the increased industrial income in the coastal regions, agricultural products from the interior are bound to flood into those high-price regions, with the result that prices in the interior cannot come down. If this happens, how can Sichuan, at the "bottom of the pot," endure it?

However, the majority held that although there is some basis for these fears, we can turn passive into active if we can seize the chance and actively join in. The coastal regions' participation in the great international circle will lead forward economic development in central and west China, and especially in Sichuan. Xin Wen, vice chairman of the provincial CPPCC, held that the "great international circle" strategy is aimed at bringing regional economy into the great pattern of domestic and international economy by developing export-oriented economy. This is a bold concept that accords with the objective laws of development of commodity economy and the tide of history of economic internationalization, and is also of major practical significance for speeding up industrialization and shifting the labor force in Sichuan. Comrade Xin Wen said: At present, the simultaneous existence of heavy industry with a very high organic component and agriculture with an extremely low organic component, and the contradiction in vying for capital between optimizing the industrial structure and shifting the rural labor force are particularly prominent in Sichuan. According to initial calculations, Sichuan's per-capita gross domestic product at the end of the century will still be over 15 percent below the national average. Between now and the year 2000, the province needs to shift about 20 million rural laborers elsewhere. With our particularly high population and relatively low income levels, population pressure will remain very great both now and in the long term. There are notable contradictions between consumption and accumulation and between eating and constructing in our national income distribution. In these circumstances, it is extremely difficult to optimize our industrial structure by solely relying on the province's own economic circle. Through pursuing transprovincial development by means of the great circle, we can elevate opening up to the world from being a major supplement into the fundamental starting point in developing regional economy.

Many work personnel with practical experience held that following the institution of a new economic development strategy in the coastal regions, some new changes may

take place in the economic pattern in the interior; for instance, the coastal provinces and municipalities may withdraw from part of their traditional market, leaving a certain region or industry in a "vacuum."

It is essential to adopt measures to strengthen economic ties and cooperation with the coastal regions and promptly occupy those markets left to us by those regions. Since we are short of capital, we can adopt a variety of forms of forging ties. We should not be afraid of coming off losers or of only playing a supporting role. In making calculations, we should first calculate whether things will be to our advantage, and should not first calculate how much others are going to gain. Otherwise, we will always feel that we are coming off losers. We should think that shifting laborers elsewhere is always better than having people sitting around and capital lying idle. Only by joining the great international circle can Sichuan narrow the gap between itself and the coastal regions. The present moment is precisely a fine opportunity.

#### Act in Light of Local Conditions, Actively Participate

It appeared to be the unanimous view that Sichuan should choose the optimum method and form of joining the "great international circle" by proceeding from the province's actual conditions.

During the course of the discussions, they held that the experience of the success of Japan and the four little dragons of Southeast Asia consists of sparing no effort in concentrating on strong points after seizing the opportunity. What are Sichuan's strong points then?

—First, Sichuan has strong points in reform. Sichuan was one of the origins of the reforms and has accumulated abundant experience in the past 9 years. Opening up is inseparable from reform, and opening up is a major reform in itself.

Sichuan has scored marked successes in foreign economic relations and trade, and this effort is just unfolding. The province's foreign exchange income from exports in 1987 was over \$700 million, and the province has organized the production of various commodities with local characteristics, such as silk, leather, ramie, tea, and electrical and mechanical products. All these products have great potentials for development. However, Sichuan's export volume only accounts for 1.35 percent of the national volume, and we rank 17th. This is not compatible with our status as a province with rich resources, developed agriculture, and a strong industrial foundation. Where does the problem lie? Lack of concepts regarding earning foreign exchange and of management and competition is one cause, but the fundamental problem is that the foreign trade system of "everyone eating out of one big pot" which we practice binds the cadres and masses hand and foot. It is imperative to reform the foreign trade system. We have the "Guanghan model" in rural reform, which is a source of

pride, and we should also create a model with Sichuan characteristics in opening up to the world. We have a large number of pilot project cities and counties in reform, and we also have the conditions and foundation for lead pilot projects in opening up to the world.

Tang Zhangjin, deputy commissioner of Wanxian Prefecture, said that Wanxian became a foreign trade port in 1926, and there were 8 foreign banks and more than 10 foreign capital enterprises there in the 1940's. The communications and telecommunications conditions today are much better than then; if we revive Wanxian as a foreign trade port and organize a pilot project there, we will open a window for the province for foreign trade and exports and bringing in foreign capital, and this can also lead forward vigorous economic development in Fuling and Daxian and also in western Hunan and Hubei. He said that Wanxian is willing to explore the way for the province in opening up to the world. Chen Kuanjin, deputy secretary of Deyang City CPC Committee and vice mayor, told us that a small boat is easy to turn around; Deyang is a small city with strong points in exports such as favorable communications and telecommunications and machine-processing, food, and light and textile industries. The city party committee and government have put on their agenda the question of joining the great international circle and have carried out specific studies regarding preferential policies, personnel training, and so on. We hope the provincial authorities will make Deyang City a pilot project.

—Second, the province has strong points in natural resources and extensive markets. Sichuan has abundant natural resources; its mineral, forest, and hydroelectric resources occupy an important position in the whole country; in particular, it has a big variety of agricultural products in great quantity and high quality, and there are conditions for exporting certain agricultural products that have great added value. We should regard the development of agriculture for earning foreign exchange as an important aspect of deepening the rural reforms.

We should do a good job in earning foreign exchange by means other than foreign trade. Sichuan, known as the Heavenly Land, abounds in tourist sites and is world-famed for its treasures. Some comrades said that if one or two pandas were exhibited abroad in a planned way every year, this would earn the province several million U.S. dollars in foreign exchange.

With its vast population, the province's cheap labor force not only has a certain competitive ability between provinces but also constitutes even more of a strong point when sent to build projects abroad.

Many scholars held that the international trade principle of each supplying what the other lacks and the principle of comparative strong points show that Sichuan's abundant natural and manpower resources are extremely attractive to foreign businessmen, while a market of 100 million also attracts foreign investment. What merits our

attention is the serious lopsidedness of the province's resources structure. Light and textile industries which need little investment and employ large numbers of laborers are restricted by farmland and by gaps in the chain of the petrochemical industry; and capital-intensive industries for which we have abundant resources, such as hydroelectricity and the metallurgical and chemical industries can only develop slowly due to shortage of capital. In the face of the serious lopsidedness of the resources structure, we can only achieve rational distribution and optimum combination of our existing resources by promoting the flow of the vital elements of production and commodity exchange between different regions. In this sense, actively joining the "great international economic circle" is a major strategic measure for extricating the province from its predicament and speeding up its industrialization.

—Third, we are far from taking full advantage of our strong point in major industries. Sichuan's interior location is an unfavorable condition, but the power of our third-line industry that this circumstance has brought is a strong point. The experts concerned pointed out that Sichuan should follow a "three-stage circle" and a "double circle" in joining the great international circle. This is quite a sound judgement. The so-called "three-stage circle" means adhering to three levels—provincial, domestic, and international—and grasping the small, medium, and large circles all together. We should suit our measures to our capacity and also actively press ahead. The near-term focus should be on grasping the domestic and provincial circles, pursuing a simultaneous strategy of having exports guide the way and replacing imports, and not failing to attend to the provincial market and the gaps arising in the coastal markets. The so-called "double circle" means regarding labor-intensive products as the main focus and technology-intensive products as supplementary in breaking into the international market. As an economically underdeveloped interior province, it is practical and advantageous for us to adopt the strategic guideline of gradual evolution in all directions and at many levels. Many large and third-line enterprises are advancing in the forefront in foreign trade. Sichuan's electrical and mechanical product exports have increased by 400 percent in the past 2 years, and now account for 12 percent of the province's exports, compared with 5 percent previously. If the ratio between the fixed assets and the output value of the province's third-line enterprises reaches 1:1, the province's total industrial output value can be increased by 3 to 4 billion yuan. How great the potentials are! At present many third-line enterprises are busy spending huge sums on moving factories out of mountain gullies; as a result their economic returns are poor.

People of insight pointed out that since Sichuan is short of capital, the money spent on moving these factories would be better spent on building roads and improving communications and telecommunications conditions; this would meet just as well the goal of reducing the space distance, and moreover large-scale removals of

factories will result in the occupation of large areas of good farmland in city outskirts, which is a tremendous waste of land, a resource that cannot be reproduced; in the strategic sense, such a measure should not be adopted. Our current urgent task is to find out how to readjust the production structure and product mix to meet the demands of export-oriented economy. This is a method that requires little investment and yields quick returns.

—Fourth, there are extensive prospects for the township and town enterprises. Taiwan has 500,000 family-style enterprises, and Hong Kong is reported to have as many as 1 million. In recent years the number of township and town enterprises in the Zhu Jiang Delta increased from 19,000 in 1979 to 137,000 in 1985, with an average annual increase in total income of 40.4 percent. Since 1983, the township and town enterprises of Foshan City have tended to develop intm consortia. Lichuan was rather late in launching township and town enterprises, and it has great potentials in this respect. Due to the cheapness of labor in these enterprises and the smallness of their burden in the aspects of "everybody eating from one big pot" and the "iron ricebowl," working hard to promote the development of these enterprises not only helps to shift the surplus rural manpower but is also advantageous for expanding foreign exchange earnings from exports. We should extensively adopt the shareholding method and have the local governments act as go-betweens in developing enterprises integrating military and civilian industries, the urban and rural areas, and China and foreign countries, achieve a high starting point for the township and town enterprises in development and technology, and integrate the technology and equipment strong points of the defense and state-owned industries, the flexible sales channels of foreign businessmen, and the cheap labor of the township and town enterprises to develop labor-intensive products for export and gradually turn the township and town enterprises into a major force in the province's effort to earn foreign exchange from exports.

#### **Improve the Climate to Attract Foreign Investment**

Many experts held that the strategy of joining the great international circle has been put forward in light of China's contradiction between lack of capital and relatively abundant labor. An important way for Sichuan to resolve its capital problem is to attract investment from abroad. By 1986, total international direct private investment totalled about \$1 trillion. However, Sichuan province, with its 100 million population, has only used about \$10 million in foreign investment up to now. In Guangdong Province, the township and town enterprise sector alone has used \$790 million, and Foshan City has used \$394 million. Sichuan is rather backward in using foreign investment.

There is a major correlation between the flow of international private capital and the investment climate. Investment climate is a systematic entity composed of many factors. It can be divided into "hard" and "soft"

climate; "hard" refers to communications, energy, and natural and geographical resources, while "soft" refers to policies, laws, expenses, personnel quality and similar factors at the investment site. In today's shrinking world, soft climate is more important than hard. The most urgent thing at present, and the thing that most concerns foreign businessmen, is the question of how to improve the soft climate. Since Sichuan has disadvantages in hard climate, who will want to invest here unless our soft climate is superior to that of the coastal regions?

To improve the soft climate, we must further emancipate our minds. The long period of small peasant economy ideology has given the Chinese a traditional concept of fear to take responsibility. Some people hold that the obsolete practice of being conditioned for the sake of foreign investment is something that should now be understood from the other way round. There is a saying in the West, if you owe the bank \$100, you are afraid of the bank; if you owe the bank \$1 million, the bank is afraid of you. Internationally, this method is called "debt strategy." Precisely such a strategy was applied in constructing stage 2 of the Panzhihua steel plant, which borrowed \$210 million from a 12-country 24-member consortium of foreign banks. This was the first time that an enterprise in China had borrowed from international banks in its own name. Zhao Zhongyu, general manager of the Panzhihua steel plant, said that in borrowing one has to consider the capacity to repay, but such capacity can be created. If you want me to repay the debt, then please buy Panzhihua steel products. In this way a benign cycle is formed.

At present many policy-makers lack sufficient understanding on the question of how to attract foreign investment. The experts concerned pointed out that at present the province has no authoritative comprehensive research organ for foreign economic relations and trade, and many prefectural and city government leadership groups lack corresponding experts and scholars; as a result many leaders lack systematic understanding of international economic trends. When localities and departments send delegations abroad for talks they often look for ad-hoc materials, thereby rendering policy-making an even more arbitrary and one-sided affair.

Many people of insight pointed out that local legislation with regard to foreign economic dealings remains a blank. Given political stability and policy continuity, whether or not the legal system is complete and legal protection is full and reliable is the most important hallmark for judging whether the investment climate is good or bad. Many foreign investors feel that China's investment climate is not as good as they would like, and that coming to invest in China is as convoluted and forbidding a process as exploring an ancient maze. In order to ease the worries of foreign investors and bring in as much foreign investment as possible, establishing and putting on a sound basis local legislation covering foreign economic dealings is an urgent task in Sichuan. From the viewpoint of the whole country, before the



state promulgated the "Law on Joint Venture Enterprises" on 1 July 1979, there were virtually no joint venture enterprises in the whole country; in the 4 years after the law came into effect, the number gradually rose to 87. In the 3 years after the enactment of the "Regulations on Implementing the Law on Sino-Foreign Joint Ventures" in September 1983, the number of such enterprises rose to more than 3,000. After the promulgation of the "Regulations on Encouraging Investment by Foreign Businessmen (22 Articles)" on 11 October 1986, the number of "enterprises with three capital sources" leapt to as many as 10,000 in 1 year. It is evident from this how direct and great a role is played by the climate of law in attracting foreign investment. Apart from the state laws, many provinces, municipalities, and autonomous regions have also set to work to formulate their own laws on foreign economic dealings, so as to create the best possible investment climate based on their own conditions. For example, Shanghai made slow progress in attracting foreign investment before 1985. In the past 2 years it has established a legal system covering foreign economic dealings consisting of more than 10 local laws. This has brought a marked improvement in the investment climate. The Minhang economic development zone had only one foreign investment enterprise before 1986, and that was preparing to withdraw. Since the publication of the "22 Articles," this development zone has set up more than 10 "enterprises with 3 capital sources," and the original one has increased its investment.

International law expert Professor Luo Shiyang pointed out that during the term of the Sixth NPC, the people's congresses of provinces, municipalities, and autonomous regions throughout the country formulated a total of some 1,000 local laws, but Sichuan only drew up 16, and lacks laws concerning foreign economic dealings. This cannot but affect the improvement of the province's investment climate. The "Sichuan Decision on Encouraging Foreign Investment" (the 16 Articles) promulgated at the end of December 1986 contains preferential policies that are not as good as those of Hubei, Hunan, and elsewhere, and the province thus lacks attraction for foreign investors.

As far as foreign businessmen are concerned, improving efficiency is much more attractive than cutting taxes or allowing profit retention. And to succeed in this, it is first essential to bring about a change in concepts by regarding enterprises engaged in "three forms of import processing and compensation trade" and "enterprises with three capital sources" as "our own children." Second, we must deepen structural reforms to create conventional international external conditions for foreign investment enterprises. Without this, we cannot get by even though we regard these enterprises as "our own children." Han Jingyun, manager of the Chengdu no. 1 radio plant, spent 2 whole months shuttling between various organs in Beijing for the sake of setting up an export business item. Last December the Changhong television set plant

exported 500 sets to Singapore; normally such a transaction could have been explained in a single telex, but by the time the matter had gone round and round in the course of being relayed by a "window" company, not even the original wishes of the consignees were clear. The manager of the Leshan Dongfeng electric motor plant brought back with him from the United States two split-horsepower sample electric motors, and the night he arrived he organized the technicians to hurry to build these machines, but 3 months later he learned that the U.S. side had cancelled the order, saying that they had sent telexes and made phone calls without making contact with anyone. Manager Wu's grief was unspeakable. However, this gives us profound enlightenment: Modern telecommunications facilities are extremely important when joining the great international circle.

Sichuan's participation in the great international circle is a current urgent strategic task; the burden is heavy and the road long. A journey of 1,000 li begins with a single step, and a single step is based on thought. Comrade Zhao Ziyang recently pointed out that we should further emancipate our minds in studying the 13th Party Congress documents. What posture the dragon of Sichuan will take on the world economic stage is a major issue to be pondered by our policy-makers at all levels at present.

#### **Wuhan 1987 Economic Statistics**

*HK221326 Wuhan CHANGJIANG RIBAO in Chinese  
11 Feb 88 p 2*

["Wuhan City Statistics Bureau Communiqué on Economic and Social Development in 1987—dated 11 February 1988"]

[Text] In 1987, under the leadership of the Hubei Provincial Government and the Wuhan City CPC Committee and Government, the people of Wuhan City: Upheld the four cardinal principles and the policy of reform and opening up; extensively launched the drive to increase production, practice economy, increase revenues, and reduce expenditures; actively pushed ahead economic structural reform centering on enterprise invigoration; and thus ensured the continued and steady growth of the national economy. For the first time Wuhan's national income exceeded 10 billion yuan and its gross industrial and agricultural output value exceeded 20 billion yuan last year. Industrial production grew steadily and the economic results were substantially improved. Regarding agricultural production, a good harvest was reaped and markets in the towns and countryside were brisk. Having doubled its volume the previous year, foreign trade again increased remarkably in 1987. New progress was made in urban construction while scientific and technological research, education, culture, public health, physical culture, journalism, and publication have developed along with the reform. Additionally, the people's living standards have continued to improve. Although these achievements were made some problems and difficulties still exist in social and economic life.



Preliminary statistics show that as compared with the previous year, Wuhan's gross social product [SHE HUI ZONG CHAN ZHI 4357 2585 4920 3934 0237], totaling 29.539 billion yuan increased by 16.1 percent; its GNP, totaling 11.93 billion yuan increased by 13.4 percent; its national income, totaling 10.64 billion yuan, increased by 14.9 percent; gross industrial and agricultural output value, totaling 20,612 billion yuan, increased by 10.1 percent; and the city's budgeted revenue, totaling 2.18 billion yuan, increased by 6.2 percent.

# I

## Industry

Industrial production grew steadily. In 1987 the realized gross industrial output value totaled 19.271 billion yuan, an increase of 10.4 percent over the previous year. Of this gross output value, industrial enterprises under the ownership by the whole people contributed 14.071 billion yuan, an incrtase of 8.6 percent over the previous year; industrial enterprises under collective ownership contributed 4.619 billion yuan, an increase of 12.9 percent over the previous year; and industrial enterprises under individual ownership contributed 345 billion

yuan, an increase of 83.5 percent over the previous year. The amount contributed by light industry totaled 8.912 billion yuan, an increase of 10.4 percent, and that from heavy industry totaled 10.359 billion yuan, an increase of 10.3 percent.

Product mix was further readjusted. In light of market information and changes in the structure of consumer demand, industrial enterprises have actively readjusted the product mix. With the focus placed on development of name-brand, fine quality, and new products, these enterprises have made great efforts to promote the production of marketable products, and acted to limit or reduce the production of unmarketable products, those with diminishing demand, and those of unreliable quality. The annual output quotas for most products were overfulfilled or fulfilled ahead of schedule. Of the 88 key industrial products which are on the city's product assessment list 46 products, or 52.3 percent, fulfilled or overfulfilled the output quotas; the production of 16 light industrial and txtile products, 8 raw and processed materials, and 12 engineering goods had increased by more than 10 percent over the previous year.

The following is a list of the output of major industrial products:

Products	Output in 1987	Percentage increase as compared with 1986
Pig iron	4,457,900 tons	5.5
Steel	4,652,500 tons	6.1
Steel products	4,328,600 tons	2.3
Crude oil processed	1,563,000 tons	-14.0
Generated power	3,063 billion kwh	3.6
Cement	1,131,400 tons	8.0
Caustic soda	51,200 tons	5.4
Automobiles	1,658	76.8
Yarn	116,600 tons	10.9
Cloth	474 million m	3.7
Woolen fabric	2,490,300 m	8.3
Machine-made paper and paperboard	136,500 tons	10.4
Bicycles	850,500	65.2
Watches	582,800	-32.1
Television sets	168,500	1.2
Radio-cassette recorders	556,800	18.3
Washing machines	403,700	11.6

The economic results were improved considerably. In 1987, Wuhan City earnestly implemented the principle of "double increase and double economy," persisted in taking the improvement of economic results as the key link, made every effort to reduce consumption, and achieved new successes in improving the quality of products. According to statistics gleaned from major energy consumers, the energy consumption level was 8.81 tons for every 10,000 yuan of output value, 1.0 percent lower than the previous year's figure. The all-personnel per capita labor productivity for industrial

enterprises under ownership by the whole people was 20,183 yuan, an increase of 6.8 percent over the previous year. According to a survey conducted by the department concerned more than 2,000 new products and new models of products were developed last year and the new product output value accounted for 12.3 percent of all products output value. Nine products won state quality product prizes, 98 won quality product prizes from the ministries concerned, 123 won provincial quality product prizes, 140 won quality product prizes awarded by from the city departments concerned, and the quality

product rate was 25 percent. The gross output value achieved by state-owned industrial enterprises operating with state budgets in Wuhan totaled 9.854 billion yuan, an increase of 9 percent over the previous year. The revenue arising from product sales totaled 11.084 billion yuan, an increase of 16.2 percent. The taxes and profits turned over to the state totaled 2.382 billion yuan, an increase of 12.4 percent. The amount of tax and profit arising for every 100 yuan of capital was 24.35 yuan, an increase of 1.48 yuan as compared with the previous year. The turnover period for working capital was 107.8 days, 6.3 days shorter than that for the previous year.

Having achieved initial success in practicing the management-on-lease system among small-sized state-owned enterprises, departments taking care of industrial enterprises in the city shifted their focus of attention to the invigoration of large- and medium-sized enterprises in 1987. Most of the large- and medium-sized enterprises in the city have already implemented the contracted management system.

The major problems existing in industrial production are: The competitive power of some trades and some products is not strong enough and the development of first products is slow; industry's self-development ability is limited and its potential for further development is insufficient; some enterprises are suffering quite heavy losses; electric power and some raw and processed materials are in short supply; and some enterprises still have to bear a heavy financial burden.

## II

### Transport and Post and Telecommunications Services

As the communications and transport department has unremittingly carried out the reform in depth, all kinds of joint management and combined transport networks have kept improving. By tapping the potential of transport facilities, the business volumes of railway, highway, water, and air transport increased.

With regard to railway transport, based on the Beijing-Guangzhou railway facility, Beijing, Shijiazhuang, Zhengzhou, Wuhan, Changsha, and Guangzhou jointly set up in Wuhan a coordinated committee of central cities along the Beijing-Guangzhou railway, formed a regional joint transport system, secured more trains and thus speeded up freight transport, and strengthened the coordination between railway, water, highway, and air transport. Ninety-one special railway lines have been opened for public use, accounting for 82.7 percent of the special railway lines that can be opened to public use.

With regard to water transport, the Chang Jiang Joint Management and Through Transport Corporation has further consolidated and developed, and its 24 member units fulfilled 31 percent more cargo transfer volume than the previous year. A coordination group was formed in May by 14 local water transport enterprises

from Shanghai, Nanjing, Wuhan, and Chongqing. By establishing economic association and promoting mutual aid these enterprises have had their economic results improved remarkably. In 1987, the cargo transaction volume handled by the 15 special piers opened for public use increased by 84.6 percent over the previous year.

With regard to highway transport, Wuhan City has now set up 49 long-distance passenger highway through-transport lines with neighboring provinces and other prefectures and cities in Hubei. On the average, 1,863 buses enter and leave the city via these transport lines each day, or in other words 118 buses more than the daily average in the previous year. The average daily passenger transport volume has increased to 120,000 people, an increase of 40,000 people a day. Today, the city has 47 passenger highway non-through transport lines linking it with more than 500 prefectures and counties in 12 provinces and cities in the country.

Aviation has developed rapidly, and both passenger and cargo air transport volumes have grown rapidly. Two new air routes were set up. Wuhan is now linked with more than 20 large and medium cities by air routes. In 1987 the passenger air transport volume amounted to 18.08 million people, an increase of 74.9 percent over the previous year.

The following is a list of cargo and passenger transport volumes fulfilled by all communications and transport departments in 1987:

	Year 1987	Percentage increase over previous year
Cargo transport volume (ton-km)	63,412 billion	4.1
Railway	39,911 billion	6.7
Highway	482 billion	0.4
Waterway	23,016 billion	0
Aviation	2 billion	61.1
Passenger transport volume (person-km)	14,290 billion	9.3
railway	9,458 billion	11.4
highway	1,378 billion	7.7
waterway	3,320 billion	2.8
aviation	124 billion	80.9

The Post and telecommunications service continued to develop. In 1987 the city's post and telecommunications service charges totaled 48.04 million yuan, an increase of 15.9 percent; and the revenue arising from post and telecommunications business totaled 85.97 million yuan, an increase of 31.6 percent over the previous year. By strengthening coordinated operation with railway, waterway, and air transport departments, the city post and telecommunications service system managed to

speed up mail. On the basis of domestic express mail service, international express mail service has been established. With regard to telecommunications services an imported 11,000-line program controlled telephone network has been put into operation, and microwave operated telecommunications circuits have been extended by 812.3 kilometers.

### III

#### Agriculture

In agriculture, the year 1987 witnessed a good harvest and an overall development of the rural economy. Wuhan suburban districts exerted great efforts to implement a series of policies toward rural areas laid down by the party. In accordance with the guidelines of integrating towns with the countryside, promoting harmonious development of urban and rural areas, serving cities, and enriching the peasants, the leadership over rural economy has been further strengthened, great efforts have been made to develop suburban agriculture, the building of agricultural and sideline production bases has been speeded up, investment in agriculture has been increased, and scientific and technological results have been applied to serving rural economy. All these efforts have scored obvious results. Preliminary statistics show that in 1987 Wuhan's suburban districts' total social product amounted to 5,341 million yuan, an increase of 28.1 percent; their gross agricultural output value was 1,341 million yuan, an increase of 6.6 percent. There was pretty high growth in the gross output value of rural industry, building industry, transport, and commerce.

The year 1987 witnessed considerably rapid development in the diversified economy, on the basis of the growth in grain output. There was an increase in the output of all major agricultural and sideline products, such as cotton, oil-bearing crops, fruit, and aquatic products. As far as the gross agricultural output value is concerned, the output value of planting increased by 3.2 percent, while that of forestry, animal husbandry, sideline production, and fisheries increased by 13.9 percent.

The outputs of major agricultural and sideline products in 1987 are as follows:

	Output in 1987	Percentage increase over previous year
Grain	1,708,500 tons	2.0
Cotton	42,700 tons	6.8
Oil-bearing crops	53,900 tons	1.9
Pigs slaughtered	1,020,800 head	6.8
Fish	82,800 tons	19.5
Milk	31,700 tons	1.4
Fruits	17,600 tons	34
Vegetable	1,081,300 tons	-2.1

Importance has been attached to irrigation and water conservation, and the facilities for agricultural production have been improved. By the end of 1987, the aggregate power of agricultural machinery in rural areas totaled 1,104,000 kw an increase of 1.8 percent over the previous year. There were 6,770 large- and medium-sized tractors, an increase of 37.8 percent; and 20,594 small and walking tractors, an increase of 5.8 percent. The net consumption of pure chemical fertilizer for the whole year amounted to 88,200 tons, an increase of 9.8 percent. The power consumption in rural areas totaled 297 million kwh, an increase of 10.1 percent.

The number of staff members in township and town enterprises increased from 410,000 in the previous year to 460,000 in 1987. These enterprises contributed a gross output value of 3.5 billion yuan, an increase of 36.7 percent over the previous year.

The major problems in agricultural production are that the foundation is poor and agricultural capital goods, such as chemical fertilizer and agricultural chemicals, are in short supply and their prices are high. The reform of the agricultural economic structure has yet to be carried out further in depth.

### IV

#### Investment in Fixed Assets and Urban Construction

The scale of investment in fixed assets has been kept under control and the investment structure tended to be rational. In 1987, Wuhan City adopted a series of measures to implement the principle of "three guarantees and three restrictions" [The principle of guaranteeing the construction of projects included in the plan, of productive projects, and of key projects, while restricting projects that are outside the plan, non-productive, and non-key—FBIS] laid down by the central authorities. The scale of investment projects run with funds raised by local authorities has been reduced, and non-productive and general projects have been cut. In 1987, the number of key projects that were designated for special fund allocation was reduced from 31 to 21, and 9 non-productive projects of a larger scale which were originally scheduled to be started were postponed, with only preliminary work being carried out as scheduled. During the whole year units under ownership by the whole people launched a total of 1,613 fixed asset investment projects, 88 fewer than the previous year. Realized investments in fixed assets made by enterprises under ownership by the whole people and the collective ownership totaled 2,626 million yuan, an increase of 21.6 percent over the previous year. Of all these investments in fixed assets, the contribution made by units under ownership by the whole people amounted to 2,525 million yuan and that by units under collective ownership in urban areas amounted to 101 million yuan. Of the fixed asset investments made by units under ownership by the whole people, productive investments totaled 1,538 million yuan and accounted for 60.9 percent, as

compared with 54.1 percent recorded in the previous year; while non-productive investments totaled 987 million yuan and accounted for 39.1 percent as compared with 45.9 percent recorded in the previous year. Investments in capital construction projects realized by units under ownership by the whole people totaled 1,345 million yuan, an increase of 14.8 percent over the previous year. Investments in equipment updating and technological transformation projects completed by units under ownership by the whole people totaled 1,180 million yuan, an increase of 34.2 percent. Major productive capacities during 1987 increased as follows: Installed power generation by 70,500 kw; transformer substation equipment by 306,000 kva; machine-made paper and paperboard production by 14,800 tons; radio-cassette recorder manufacturing by 120,000 sets; cement production by 90,000 tons; meat processing by 7,200 tons; port transaction by 2 million tons due to construction of new ports and extension of existing ports; grain storage by 24,800 square meters; new commercial and catering service spots with a total area of 109,500 square meters were built; student enrollment at institutes of higher learning increased by 14,292, while that in secondary and primary schools increased by 14,662; the number of hospital beds increased by 1,467; and tap water supplies increased by 11,200 tons per day. The floor space of residential flats built with investments made by units under ownership by the whole people and the collective ownership in Wuhan during 1987 totaled 1,094,000 square meters.

The construction of urban infrastructure has been strengthened. Remarkable progress was made in the construction of roads, town gas supply networks, drainage works, and other key projects that are of great importance to production and the people's living standards.

Six roads with a total length of 21.21 kilometers, including Jianshe Avenue and Baofeng Road Section 1 in Hankou, were built or transformed; 3 pedestrian flyovers were built, and the Jiangnan No. 1 bridge widening project and the Hanyang Cultural Palace overpass project have been going ahead quickly; 30 large public buses and 4 ferries capable of carrying 1,000 passengers were purchased; 5 public bus routes were opened, and one bus route was extended, thus extending the bus service network by 46.26 km. The equipment for the gas plant in the newly built Hankou Gasworks is now being installed—the plant's 75,000-cubic meter gas tank is now being installed, while the foundation work of another 75,000-cubic meter gas tank in Zhaojiatiao has been completed. The Huangxiao He main river course harnessing project has been going ahead quickly, the construction of the 1,370 m large underground drainage culvert project has been completed, and the Huangxiao He highway has been put into operation. New flood prevention walls with a total length of 1,579 m were built, and the height of a 2,045 m section of the existing flood prevention walls was raised. A total of 678,000 trees were planted in the city in 1987.

The main problems regarding investment in fixed assets are that the scale of extrabudgetary investment remains too large, and the floor space of completed residential flats is too limited.

## V

### Town and Countryside Markets

The markets in the towns and countryside have been prosperous and buying and selling of commodities have been brisk. The total value of commodity retail sales amounted to 6,677 million yuan, an increase of 19.4 percent over the previous year or a real increase of 10.4 percent after adjustment for inflation due to the rise in commodity retail prices. Of this total value the retail sales of consumer goods shared 6,369 million yuan, an increase of 19.2 percent; and the retail sales of agricultural capital goods shared 308 million yuan, an increase of 24.7 percent.

Of the total value of retail sales of consumer goods, the retail sales of foodstuffs increased by 29.2 percent, those of clothing by 9.5 percent, and those of articles of everyday use by 11.8 percent. High-grade, quality, name-brand products with new designs have always remained marketable.

Country fairs have been brisk. The sales volume of various types of commodities totaled 554 million yuan, an increase of 11.8 percent.

Reform of the commodity circulation structure has developed in depth. While restrictions on the management of small-sized state-owned commercial enterprises in downtown districts was lifted, the competition mechanism was introduced into large- and medium-sized commercial enterprises through implementation of various types of contracted or on-lease management responsibility systems. Satisfactory economic results have been scored.

The problems regarding market supply art: First, some commodities, say, sugar and washing powder, are still in short supply; second, the margin of rise in commodity prices was rather wide and the general level of commodity retail prices went up 8.2 percent as compared with that of the previous year, mainly due to the rise in the prices of non-staple foodstuffs, especially vegetables; and third, it is necessary to continue to keep institutional purchases under control.

## VI

### Foreign Trade and Tourism

Foreign trade has further expanded and new progress has been made in the introduction of foreign funds. The volume of import and export trade transacted through the Wuhan customs office totaled \$463 million, an increase of 29.3 percent. Of this trade volume, the gross export value totaled \$262 million, an increase of 20.7

percent; and the gross import value totaled \$201 million, an increase of 42.6 percent. The volume of procurement handled by city-owned foreign trade enterprises totaled 962 million yuan, an increase of 27.0 percent over the previous year. The amount of foreign exchange arising from export trade totaled \$201.45 million, an increase of 65.2 percent.

City-operated foreign trade departments have made great efforts to readjust the export mix and market structure. As a result there were 21 export items with an export value ranging between \$1 to \$15 million. While stabilizing their markets in Hong Kong and Macao they managed to expand their markets in Southeast Asia and Europe as well. Today, 74 countries and areas have established trade relations with Wuhan. During the whole year the city drew in foreign funds totaling \$22.38 million, of which foreign loans amounted to \$19.83 million and direct investments made by foreign business firms amounted to \$2.55 million. The city signed four contracts, involving a total value of \$2.11 million, with foreign partners to undertake construction projects or provide labor services.

Tourism has been prospered. In 1987, Wuhan City entertained 70,000 visitors consisting of foreigners and overseas Chinese, as well as compatriots from Hong Kong, Macao, and Taiwan, an increase of 5.2 percent over the previous year. For the whole year, the city's revenue arising from tourism totaled 46.49 million yuan in Foreign Exchange Certificates, an increase of 44.5 percent.

## VII

### Finance and Banking

Both financial revenue and bank deposits increased. While promoting production the city's financial and taxation departments have made great efforts to tap more financial resources and to increase revenue. In 1987 the realized financial revenue totaled 2,918 million yuan, an increase of 6.2 percent.

In 1987, all monetary establishments in Wuhan continued reform of the financial structure in depth, with the focus placed on the general goal of "macrocontrol and microflexibility." They scored good results in furthering the city's economic development and expanding banking services. On the whole in 1987, all types of deposits (verified figures) increased by 1,824 million yuan as compared with the previous year's figures, and the total value is equal to 156 percent of the year's quota which was set at 1,166 million yuan. All types of loans (verified figures) increased by 1,712 million yuan, well under the set limit of 1,716 million yuan. The amount of currency withdrawn from circulation totaled 817 million yuan, an increase of 62 million yuan as compared with the previous year.

## VIII

### Lateral Economic Association

Progress was made in the development of lateral economic association which has had a positive influence on the reform and opening up process, and has helped to give full play to the various functions of central cities. According to preliminary statistics, in 1987, 1,081 enterprises and non-profit making service units entered into cooperation with 2,084 enterprises and service units from 28 provinces, municipalities, and autonomous regions and concluded agreements on 3,479 projects. Eighty-nine percent of these projects have been implemented and, in connection with these projects, the funds already extended or secured total 242 million yuan. A total of 6,847 people have participated in personnel exchange programs or undergone training. Lateral economic association realized an industrial output value of 654 million yuan, a commercial turnover of 1,198 million yuan, and profits and taxes totaled 120 million yuan. As compared with the figures recorded last year, these three items increased by 33.4, 32.2, and 40.7 percent respectively.

Progress has been made in inter-regional association. A Wuhan Economic Cooperative Zone formed by 17 prefectures and cities in the middle reaches of the Chang Jiang was set up in May 1987. In the past half a year or so since the establishment of this economic cooperative zone, inter-departmental dialogue has been promoted, and a commodity circulation joint liaison office and 13 other operational organizations were set up. With the market as the first target a regional economic network has been established and improved. With the focus placed on the development of name-brand and quality products, and with large- and medium-sized enterprises as the backbone, more than 20 regional enterprise associations are about to be established or expanded.

In 1987, Wuhan City, as chairman of the "Economic Coordination Council of Central Cities along the Chang Jiang," played an active part in the organization and coordination. The number of members of 11 special coordination organizations subordinate to the council increased from 36 to over 250, and progress has been made in the development of the council.

Cooperation in all fields has been promoted. By the end of the year, Wuhan City had established inter-governmental ties with more than 339 administrative areas at and above the county level and, in 1987 alone, the city established ties with 78 areas.

## IX

### Science, Technology, Education, Culture, Public Health, and Sports and Physical Culture

Great efforts have been made to expedite the reform of the scientific and technological research system, and the importance of science and technology has become more

and more obvious. In 1987, 16 independent scientific research institutions allied with enterprises in various forms, and 1,514 scientists and technicians from scientific research organizations have plunged into economic construction in grass-roots enterprises. The technology market has been further explored and, according to statistics from only 133 units, 6,316 technological contracts were signed, involving a total value of 93.59 million yuan. Civilian-run scientific and technological development enterprises have developed rapidly. In 1987, 76 new scientific and technological development organizations were established by civilians, hence there are now 212 civilian-run scientific and technological organizations in the city with 7,584 staff members. With the focal point placed on the city's key economic construction projects, the city made some important scientific and technological achievements which ensured the in-depth development of the drive to increase production, practice economy, increase revenues, and reduce expenditures. In 1987, a total of 120 scientific and technological achievements won prizes awarded by the city, and these prize-winning items caused an increase of 190 million yuan in the gross output value. Increase in profits and taxes totaled 31.36 million yuan. New progress has been made in the implementation of the "Spark Plan." Projects started under the "Spark Plan" brought about an increase of 76.82 million yuan in the output value and an increase of 22.23 million yuan in profits and taxes. New successes were made in scientific and technological exchange and cooperation. Forty-one delegations were sent abroad to develop scientific and technological exchange and, through their visits, they have discovered 86 items with technological export potential.

In 1987, the State Patent Bureau accepted 531 applications for patent registration lodged by units and individuals from Wuhan, an increase of 61.4 percent over the previous year. Thus the city ranked second in this regard among other cities which are separately listed in the state plan. A survey covering 138 patent items possessed by 42 units indicates that 55 patent items have been applied, resulting in an output value of 61.84 million yuan, profit totaling 11.66 million yuan, and foreign exchange revenue totaling \$1.49 million.

Education has developed in the reform. In 1987, for primary education, the proportion of children entering primary one, the proportion of primary one pupils that continue to remain with schools after a certain period, the examination passing percentage, and the proportion of primary pupils to all children within the same range of schooling age were all around 98 percent. The primary one enrollment was 105,500, and the primary school enrollment 664,600. Progress was made in readjustment of the secondary education structure and vocational and technical secondary schools have been developing rapidly. For ordinary secondary schools the new student enrollment was 103,500, and the total secondary student enrollment was 317,400. For all types of vocational secondary schools run by the city government the new

student enrollment was 18,100, and the total student enrollment was 57,300. The enrollment of vocational secondary school students in senior forms accounted for 44.6 percent of all senior secondary students. The total enrollment in technical secondary schools was 39,600, and graduates from these schools totaled 10,800 for the year.

Institutes of higher learning have readjusted the proportion of enrollments of degree and non-degree courses and their departmental structures. A multi-function school management system has been introduced so that these schools can be run more efficiently. Universities and colleges enrolled 28,400 new students in 1987, their total enrollment was 104,300, and the number of the year's graduates totaled 29,700, over 10,000 more than the number in the previous year. For the second year, the number of graduates from senior secondary schools entering universities, colleges, and technical secondary schools exceeded 10,000. Various types of education institutions for adults have been developing rapidly. Adult education has now shifted its focal point to on-the-job training; the number of those undergoing training in 1987 accounted for 23.8 percent of all the staff members and workers in the city. Various types of practical technical education organizations have been booming in rural areas. In 1987, adult technical schools in townships and towns under the jurisdiction of Wuhan City offered training to 150,000 peasants. Special education, such as preschool education, education for the blind and deaf-mutes, and work-study programs, has also developed.

Cultural undertakings have flourished. In 1987, the city's cultural departments did a good job in organizing a wide variety of healthy cultural activities for the masses, sponsored several large-scale activities such as the first "Central South China Art Festival," the 10th "Spring Greeting Month," and "Summer in Wuhan," in which more than 4.8 million people participated. The television play "Prison Officer Reverses an Unjust Verdict," produced by the Wuhan Television Station, was the only one to win a prize for a television opera play in the seventh "Flying Apsaras Awards." The program "Balancing on a Pyramid of Chairs" presented by the Wuhan Acrobatic Troupe won the Gold Lion Prize at the Second National Acrobatics Contest. With regard to literature and art creation, the city cultural bureau and its affiliated units created, adapted, and translated 27 plays and produced 6 television plays. The revenue from film shows and the distribution of films, the number of shows, and the size of the audiences synchronously increased. The revenue from film shows totaled 11.36 million yuan.

Foreign cultural exchange has been strengthened. In 1987, the city sponsored a "Chang Jiang Singing Contest" for singers from 9 provinces and autonomous regions and municipalities in the Chang Jiang valley.

The Wuhan City Acrobatic Troupe visited five countries, including the Netherlands and Belgium, and its performances were well received.

Progress was also made in journalism, radio broadcasting, television, and publications in the course of the reform. Public health has further developed. Twenty-two large downtown hospitals have established cooperative relations with 22 clinics in the suburbs, and this has helped to increase the city's medical services capacity. In 1987, hospitals at and above the county level in the city rendered out-patient and emergency treatment services to a total of 16,748,600 patients; the hospital bed utilization frequency was 16.9 times per year and the bed utilization rate was 93.8 percent; 323,000 inpatients were discharged from hospitals; and the cure rate was 78.3 percent. The policy of putting prevention first in medical work was carried out; great efforts were made to launch the patriotic public health campaign; great success was achieved in exterminating rats and houseflies and in popularizing the use of safe and clean water in rural areas; and the incidence of ordinary infectious diseases decreased remarkably as compared with the previous year's figure. The epidemic prevention rate for the four common diseases including pertussis and measles reached 85 percent. The quality of mother and child care has been raised, and both the death rates for pregnant women and babies have dropped. Good results were scored in sports. In 1987, athletes from Wuhan City won 23 gold medals, 15 silver medals, and 5 bronze medals in international sports events. Wuhan athletes also broke 2 Asian records and 15 national records. At the sixth National Games, Wuhan athletes won 15 gold medals, 13 silver medals, and 20 bronze medals. Huangpi County was honored by the State Physical Culture and Sports Commission with the title of national "unit advanced in running traditional sports schools."

## X

### The People's Living Standards

The urban and rural residents' living standards continued to improve. A sample survey indicates that in 1987 Wuhan urban residents' average per-capita monthly expenditure on living necessities amounted to 81.9 yuan, an increase of 9.4 percent over the previous year, or a net increase of 1.1 percent after adjustment for inflation. As for peasants, the per-capita net annual income was 600 yuan, an increase of 9.3 percent over the previous year, or a real increase of 2.1 percent after adjustment for inflation. The increase in the income of some households was lower than the commodities inflation margin and therefore their living standards were lowered.

The employment situation was improved. A total of 45,531 job-awaiting people in urban areas were employed in 1987. At the end of the year there were 2,142,200 staff members and workers in Wuhan, an increase of 40,300. The annual earnings of all these staff members and workers totaled 2,912 million yuan, an

increase of 13.0 percent. The average monetary wage was 1,379 yuan, an increase of 11.3 percent over the previous year, or a real increase of 2.8 percent after adjustment for inflation in living expenses.

The amount of savings by urban and rural residents increased by a wide margin. By the end of the year, the balance of savings of urban and rural residents was recorded at 2,897 million yuan, an increase of 39.3 percent as compared with the previous year. The balance of savings of peasants amounted to 432 million yuan, an increase of 37.0 percent as compared with the previous year.

## XI

### Population

By the end of 1987 the city had a population of 6,293,400, an increase of 93,800 people as compared with the previous year. Of this population, that in urban districts totaled 3,309,000, that in suburban districts was 262,200, and that in the four surrounding counties was 2,722,200. The percentages of male and female residents were 51.6 and 48.4 percent respectively. The birth rate was 14.49 per thousand, an increase of 1.61 per thousand over the previous year. The natural population growth rate was 8.45 per thousand, an increase of 1.65 per thousand over the previous year.

The distribution of population in all districts and counties at the end of 1987 was as follows (unit: persons):

Jiangan district	563,931
Jiangnan district	383,331
Qiaokou district	508,487
Hanyang district	325,365
Wuchang district	692,613
Qingshan district	343,843
Hongshan district	462,935
Boat dwellers	28,459
Dongxihu district	175,763
Hannan district	86,441
Hanyang county	451,967
Wuchang county	536,005
Huangpi county	954,024
Xinzhou county	780,234

## FOREIGN TRADE, INVESTMENT

### Xinjiang-Tajikistan Trade Expands

40200262 Moscow SELSKAYA ZHIHN in Russian  
23 Mar 88 p 3

Dushanbe, 22 [TASS] The People's Republic of China is becoming a major foreign trade partner of the Tajikistan workers in cooperatives. A barter agreement with the board for foreign economic ties of the Xinjiang-Uyghur

Autonomous Region is the first step on the road to a business relationship. The Vashkh nitrogen-fertilizer plant delivered 1,000 tons of its product to China today, fulfilling this agreement.

Five thousand tons of mineral fertilizer will be delivered to the Xinjiang-Uyghur Autonomous Region by the end of the year. The foreign deliveries will not affect supplies to local consumers. The province in the neighboring country is receiving above plan production.

"The establishment of direct trade ties with China is a major event for the cooperative workers in the republic," said deputy chairman of the board of 'Tadzhikpotrebsoyuz', N.N.Venediktov. "This year our organization will exchange goods with China for millions of rubles."

### Country's Top 10 Exporting Provinces, Municipalities Listed

40060184 Jinan DAZHONG RIBAO in Chinese  
28 Feb 88 p 3

[Text] Ministry of Foreign Economic Relations and Trade statistics show that all provinces and municipalities directly under the Central Government registered large scale increases in export trade in 1987. According to a ranking based on volume of exports, the top 10 exporters in 1986 remained in the lead in 1987. The only change was that Hebei province, ranked 8th in 1986, moved up to 7th place in 1987, and Zhejiang province, ranked 7th in 1986, dropped back to 8th place in 1987. Of the 10 top exporting provinces and municipalities in 1987, Guangdong registered the largest gain in exports with more than a 30 percent increase over 1986. The 10 top export areas in 1987 rank as follows:

RANK	AREA	EXPORT VOLUME
1	Guangdong Province	\$5,536,450,000
2	Shanghai Municipality	\$4,159,230,000
3	Liaoning Province	\$3,753,940,000
4	Shandong Province	\$2,970,750,000
5	Jiangsu Province	\$2,115,280,000
6	Tianjin Province	\$1,510,430,000
7	Hebei Province	\$1,483,990,000
8	Zhejiang Province	\$1,370,250,000
9	Hubei Province	\$ 951,440,000
10	Beijing Municipality	\$ 885,550,000

### Journal on Promoting West China Border Trade

HK061001 Beijing JINGJI YANJIU in Chinese  
No 1, 20 Jan 88 pp 75-80

[Article by Wang Wenchang (3769 2429 7022) of the Research Institute for Economies of Minority Nationalities under the Central Academy of Nationalities and Meng Yanyan (1322 1693 3601) (Tibetan) of the Policy Research Office under the State Nationalities Affairs Commission: "A Concept of Dual-Oriented Economic Development in the Western Border Areas"—revised October 1987]

[Text] China has long since replaced its closed-door policy with the policy of opening up during the new historical period of economic construction. The latter policy has become China's basic policy for economic development. When we carefully analyze the situation of opening up in western China, however, we can discover that it is basically oriented toward the east. Essentially, the foreign economic relations and trade of this region are linked to the overseas market through the coastal regions in the east. This type of simple orientation is unfavorable to the economic development of the western border areas. We must therefore find a solution, that is, dual-oriented development, that conforms to the actual conditions for the economic development of these areas.

## I

### Analysis of the Simple Eastward-Oriented Economic Development in the Western Border Areas

Proceeding from the overall development of China's national economy, the strategic plans for China's economic development, which is gradually expanding to cover areas in western China, are quite rational. It is just because of this that people always ignore the particular conditions for economic development in the western border areas, which are hidden by the rationality of the plans. They usually take the cities along the coast in eastern China as the only gateway for opening up. Economic operations are thus focused on these cities and it is commonly thought that to invigorate first the economies of the coastal areas in eastern China and to accelerate the pace of transferring westward the technology are the only ways to help the western border areas get rid of poverty. This type of simple eastward-oriented approach has seriously hampered the economic development in the western border areas.

First, this approach has unnaturally severed the gradually developed economic flows, as well as economic relations. Historically, some places in western China whose commodity economies are underdeveloped were formerly prosperous commercial areas. For examples, places such as Aksu, Kashi, Yecheng, and Hotan in Xinjiang Uygur Autonomous Region were major commercial towns along the ancient silk road. Counties such as Tengchong, Yingjiang, Wanding, and Longling in Yunnan Province were major commercial towns along the southwest silk road. Moreover, Busheng, Jilong, Zhangmu [2874 2606], and Yadong in Tibet at the foot of the Himalayas were strategic passes through which foreign goods and materials were circulated. These towns and passes were still very prosperous on the eve of liberation. During the past 3 decades and more since liberation, however, the western border areas have adopted a closed-door policy on affairs concerning foreign economic relations and trade. As we excessively stressed the development goal of serving the domestic



market in eastern China, we severed the natural economic flow of traditional trading with neighboring countries, so that the economies of all trading passes in this region declined.

Second, this approach intensifies the remoteness of the western border areas in China's overall plan for economic development. In China, the western areas are far away from the coastal areas. Objectively, this has developed the state of remoteness of the west. This state of remoteness has meaning in two areas: First, its geographical state of remoteness and, second, its state of remoteness in terms of social and economic life. These two are interdependent and mutually discouraging, so that the western border areas have become more backward. In economic development, the capital in society flows first toward the high-yield and efficient regions and trades. The arrangements for China's strategic economic development, which are taking shape, show a spatial structure and a series of time delays running from east to west. Naturally, this develops a basic trend of economic and technological transfer from east to west. A status is therefore developed: The economic development of China's western areas in its overall plans ranks third in priority. Furthermore, the key cities in the western areas will first be developed, then the districts near these key cities and in the central region, and finally the border areas. As a result, when others areas are basking in the "sunshine" of economic development, the western border areas will still be at the foot of a high wall and suffering from the "coldness" of underdevelopment.

Third, this approach aggravates the transport barriers in the economic development of the western border areas. As the western border areas are located next to the gateways and hubs of communications in southern, western, and central parts of Asia, their historical economic links to these parts of Asia would, to a certain extent, ease the transportation burden on economic development and commodity circulation. But the simple eastward-oriented development has forced the western border areas to conduct their economic exchanges with distant places instead of nearby areas. The problem of transportation thus becomes a thorny issue in the economic development of the western border areas. The northwestern and southwestern areas account for two-thirds of China's total area. In 1982, their railway mileage only accounted for about one-quarter of China's total figure, while their operational highway mileage accounted for about one-third of China's total figure. In the western border areas, however, there is virtually no railway transport and very inadequate highway transport, except for the Yunnan-Vietnam railway which runs through southern Wenshan Prefecture. Even though China is determined to promptly increase, say to 17 or 18 percent, the proportion of investment in transportation in the overall investment in the national economy, it is still impossible to quickly put an end to the state of inaccessibility in the western areas. It has become a major issue to be tackled in the economic development of the western border areas. On the other hand, the

simple eastward-oriented development simply makes this issue more prominent, instead of eliminating its adverse influence on economic development.

Fourth, this approach stimulates further social seclusion of the western border areas. To the west, the development of the western border areas is blocked by the "high wall" of the border; while in the east, it is obstructed by mountains. In domestic economic exchange, their commodities are less competitive in other parts of China because of high transport costs; while prices of articles for daily use transported into these areas are so expensive that they exceed the purchasing power of the local people. Therefore, the drive for commodity circulation in terms of supply and demand is lacking. The operations of economic development are limited to these small areas and to meeting their social and economic needs. Inevitably, this is strongly marked by the features of a self-contained natural economy. The socioeconomic development in such a secluded system is naturally imperfect. It absorbs very few elements of modern economics and lacks the vitality for economic development. Let us take the Dehong Tai-Jingpo Nationality Autonomous Prefecture, Yunnan Province, as an example. Its commercial sector's overstocked commodities totaled 48.33 million yuan in 1985, and increased to 61.43 million yuan in 1986. Compared to 1985, the proportion of these commodities to the working capital increased by 27 percent in 1986. Moreover, its amount of unplanned high-yield loans increased by 75 percent. (Footnote 1) ("Collection of Theses Delivered at the National Conference on Theories on Trade and Economies of Nationalities," p 153, edited by the secretariat of the Chinese Society for Research on Trade and Economies of Nationalities) The stagnation of commodity circulation is in proportion to the degree of seclusion in these areas.

The above analysis helps us understand that an indiscriminate implementation of the simple eastward-oriented economic development is irrational. It abnormally distorts the natural trend of economic development in the border areas, and violates the inherent rules of economic development. Therefore, we must reconsider our future plans for the economic development of the western border areas.

## II

### Pondering on the Issue of Forging Ahead Toward 2000

It is rather certain that if we continue to implement the strategic plans for simple eastward-oriented development, the economic development of the western border areas will inevitably remain remote and backward, becoming an untouched spot in China's economy. Take the Lancang Lahu Nationality Autonomous County, Yunnan Province, as an example. Its gross industrial and agricultural output value was 51.82 million yuan in 1980, and increased to 76.2 million yuan in 1984, showing an average annual growth rate of 10.2 percent.

Its per capita industrial and agricultural output value was 129 yuan in 1984; and the figure will be 516 yuan if it quadruples the per capita output value by the year 2000, or even 1032 yuan if it increases the value by eight times. Let us leave aside the question of whether or not it can increase the value by eight times by that time. Even if it does, the figure will simply be at a comparatively low level.

According to figures announced by the State Statistical Bureau, the national per capita industrial and agricultural output value was about 1400 yuan in 1986. Thus, we can see that even if the county can increase its per capita industrial and agricultural output value by eight times by the turn of the century, its figure will still be below the 1986 national level. This is a fact with which we must seriously reckon.

Is there a solution to this situation? If we study the western border areas again from the approach of opening up, we shall discover:

First, the economic development of the western border areas will play different roles corresponding to their positions in the spatial frame of reference. The western border areas are remote relative to China's major economic centers but are major gateways to the southern, western, and central parts of Asia. They are China's outposts in its development of foreign economic relations. As the western part of Yunnan is next to Burma, it is very convenient for places like Dehong and Baoshan to access sea routes by using the railway to Rangoon via the land route to Mi Zhi Na [1378 2388 6719] in Burma rather than by traveling to China's coastal cities in the east via Kunming. The Yarlung Zangbo River basin, an economic center of Tibet, is just on the other side of the mountains from Nepal and India. It is therefore very convenient for places like Busheng, Zhangmu, and Yadong to access cities such as Ba Te Na [1527 3676 6719], Calcutta, Dacca, and Katmandu by crossing the mountains rather than by traveling eastward via the Qinghai-Tibet and Sichuan-Tibet highways. As the border areas of Xinjiang can be linked to various railway centers in the Soviet Union, it is much easier than going eastward from Urumqi. The Tu Xi [0960 6007] railway, linking Alataw Shankou to the Soviet Union, provides China with its shortest line of communications to the European market. Statistics shows that the cost of transporting goods from Tianjin to Europe is \$202 per ton. But the cost would be only \$119 if we transported the goods from Alataw Shankou to Bremen. (Footnote 2) ("ZHONGGUO XIBU KAIFA BAO [JOURNAL ON THE DEVELOPMENT OF CHINA'S WEST]," 4 Mar 87)

Second, there are objectively two markets for the western border areas. Before the border areas were closed, the basic situation developed through natural economic flow allowed the western border areas to function as a gateway promoting foreign economic exchange. Goods and

materials made by China were transported to the southern, western, and central parts of Asia via the silk road and the southwestern silk road. Similarly, foreign goods and materials were imported to these areas through these channels. The western border areas had two markets, that is, the foreign market and the domestic market. The coexistence of these markets brought about a phenomenon whereby domestic and foreign goods were sold at the same time, thereby enlivening the economy of the western border areas. Let us take Mangshi, Baoshan Prefecture, Yunnan Province, as an example. Its sales of articles for daily use and clothing made in China respectively accounted for 20 and 40 percent of market sales in 1951.

Third, the influence of the border areas on economic development occurs in two aspects. The border areas are both gateways for economic development and obstacles to such development. When we adopt the foreign policy of opening up, these areas are gateways for the economic development of the western border areas; but when we switch to the closed-door policy, they become the high wall blocking the economic development of the western border areas.

It is highly unfavorable to the undertaking of modernization in the western border areas if we continue to pursue the former closed-door policy in the course of forging ahead toward the year 2000. We should turn the obstacles into channels for development, and switch back to the direction of economic development.

### III

#### Switching Back to the Former Course, and Pursuing Dual-oriented Development

In order to turn the "untouched spots" in the western border areas into "key spots," we must replace the state of seclusion by the attitude of opening up, and let the economy develop in its natural course. We should promote a dual-oriented situation of opening up which should be developed in accordance with their special modes of economic operations.

By dual-oriented development, we mean establishing links with the market in China's eastern areas, and opening to other places in China in order to dovetail with the national economy as a whole. We also mean establishing links with foreign markets in the southern, western, and central parts of Asia, opening to the outside, and gradually joining the international market. The principle of the dual-oriented development strategy is: Opening up through two different approaches, serving two markets, and utilizing two types of material resources. This principle helps us make use of the advantages of the western border areas in their economic development, and promotes more opportunities for the markets and development.

The basic plan for the dual-oriented economic development strategy is as follows:

First, we should continue to strengthen the economic links with the eastern areas, and develop the rational economic links with those areas which have gradually formed over the years, in order to dovetail with the development progress of the national economy as a whole.

Over the past 30-odd years, the simple eastward-oriented development has brought many disadvantages to the economic development of the western border areas. However, it will equally be a mistake if we totally deny the function of establishing economic links with the eastern areas, and the positive role played by the market in the east in the development of the western border areas. The economically developed eastern areas are still the most powerful backing for the economic development of the western border areas. The market in the eastern areas is also the primary market outside the western border areas. Therefore, any change in the simple eastward-oriented development does not mean forsaking the economic links with the eastern areas. Rather, it means strengthening the results of economic links with those areas.

The key to developing rational economic links with those areas is to strengthen the mechanisms of economic operations and market operations, and to strengthen the exchange of economic and technological information, so that the economic development of the western border areas will correspond to the economic and technological transfer from the eastern areas. Furthermore, inherent and flexible links with the overall national economic development will be established.

Second, we should actively capture the markets in southern, western, and central parts of Asia, and restore the former rational economic links.

Geographically, the western border areas are nearest to the markets in southern, western, and central parts of Asia. Moreover, their economic life, habits, and customs are similar. There are several nationalities who reside on both sides of the border, so that their links in terms of psychology as well as cultural traditions are not blocked by the frontier. Economically, the development level of the western border areas is close to that of several areas in south Asia, so that there are advantages for selling their products. For example, the per capita national production value for Bangladesh in 1984 was \$130, that for Nepal was \$160, that for Burma was \$180, and that for India was \$260, while the figure for China was \$310. While the economic level of the western border areas is lower than the national level, it is near the level of south Asian countries. For example, the Soviet light and textile industries in the central part of Asia are backward, and the area welcomes the import of light industry and textile products from Xinjiang. Therefore, it is certain that areas like south Asia are the most ideal market for the

economic development of the western border areas. If we think that the commodities made by China's central areas and western border areas are in an unfavorable position in the market in China's eastern areas, it is possible the commodities made by the western border areas will be in a favorable position in the market in south Asia.

Third, we should select the advantages offered by the markets for economic development, and establish suitable industrial structures.

A dual-oriented development itself provides the opportunity for market selection and resources selection. If we make use of this opportunity, we may get better results and create a rather favorable situation for economic development. For instance, Tengchong of Yunnan Province is traditionally a jade processor. If it imports jade materials from Burma and exports them to the Hong Kong and Macao market after processing, it may reap substantial profits. The cost of transporting each kg of grain to Lhasa, Tibet, from other places in China is 0.98 yuan. But the cost would be just 0.85 yuan if the grain were imported from Nepal. The industrial structure in the western border areas should be based on the advantage of market selection and resources selection. Therefore, their market foundation and strategy should be based on local development and focus on both the domestic and foreign markets. In other words, the practice should be: 1) The western border areas should play a pivotal role in opening up to other parts of China and the outside world, and link the two markets together. 2) The market in the western border areas should be based on the newly, locally formed industrial structure.

3) In the western border areas, the major market in the industrial structure should be the local market, and it should be linked with the markets in other parts of China and abroad. 4) Great importance should be attached to the role of the market in the economic development and industrial structure of the western border areas.

Thus, we can see that the dual-oriented development strategy will promote the emergence of a new pattern in the economic development of the western border areas. It will also generate new effects on local economic development and China's situation of opening up. First, we should reiterate that, to a certain extent, the status of the western border areas in the domestic and foreign markets can put an end to the state of remoteness and seclusion created in the course of the economic development of the western border areas. We should also reiterate that their status can completely change the situation of "quietness" in their economic development, and make them active in terms of opening up and development of various economic links, by opening the market in southern and central parts of Asia, and by encouraging economic exchanges between the western border areas and the domestic and foreign markets. Second, we should make the replacement of the simple eastward-oriented development by the dual-oriented development

the two arms of China's policy of opening up. One is for the traditional ports along the eastern coast, and the other is for the western border areas in China's interior. The latter is quite obviously marked by its regional features, and can improve these areas' capacity for economic development and self-sufficiency, thereby easing the burden on China's regional circulation of goods and materials. These two arms will respectively stretch from east to west and from west to east, and are of great significance in accelerating the economic modernization of the western part of China and in easing the burden on economic and technological transfer.

#### IV

##### **Key to the Dual-oriented Development: Invigorating Border Trade**

The realization of the dual-oriented economic development in the western border areas involves two types of relations. One is the economic relations between them and the eastern areas, which are reflected in terms of regional interests under the prerequisite of unifying national economic interests as a whole. Under the centralized planning and readjustment of the state, this type of relations can be handled rather easily. The other type is the economic relations between them and foreign areas in the southern, western, and central parts of Asia. This type of relations involves complicated international relationships, which is the major difficult point of the dual-oriented development strategy.

Historically, China's western border areas formerly engaged in border trade. Before any convenient transport network was developed between them and the eastern areas, these areas had already established busy economic links with the southern, western, and central parts of Asia. In places like Changdu, Dingqing, and Bomi, the 1952 sales volume of foreign goods available on the market accounted for 84.69 percent of the total sales volume. On the eve of liberation, the markets of 32 counties on the borders with Vietnam and Burma were basically flooded with foreign goods. In 1950, foreign goods available on the market in Mangshi, Baoshan Prefecture, accounted for about 90 percent of the total sales volume. Thus, we can see that border trade was still very active in these areas shortly after liberation. Now, there is still a basis for us to revitalize the border trade of these areas. Though most of the gateways were closed after liberation, trading among people living in the border areas continued. Between 1951 and 1964, the volume of small transactions among people living in, and of mutual markets in, the border areas of Yunnan totaled about 8 million. Between 1965 and 1976, the annual trade volume was about 6 million yuan. After a relaxed attitude was adopted in 1977 toward the policy of opening up, the trade volume sharply increased and totaled 260 million yuan in 1985. The fiscal revenue coming directly and indirectly from the border trade totaled more than 12 million yuan. The trading tendency

developed in the western border areas reflected the natural selection in the course of economic development. We finally choose the better one after weighing two favorable factors.

The invigoration of border trade will also profoundly affect the industrial structure of the western border areas, so that the composition and development of industry will develop on the track of market operations, form new sources of market attraction, and relieve the pressure on the economic development channels through trade. For example, Tengchong in Yunnan Province has long been an "important distributing centre for jadeite." It was "often that merchants flocked to trade fairs with many rare products; and most people living in this territory were fond of jade. Therefore, there were numerous trade fairs in townships and towns; and the territory became a significant place in southwestern China." (Footnote 3) (See preface to "Teng Yue Ting Zhi [3326 6390 1689 1807]" ) Originally, jadeite was produced in Meng Gong [0515 2162], Burma. It was imported in large quantities and flooded Tengchong after the customs controls were weakened. Therefore, the county became a distributing center, and hence the jade industry developed. After China closed its border, Burma transported the jade to Changmai town in Thailand, which is 1,100 km away. Therefore, the formerly desolate town became the second major town of Thailand, and the jade industry of Tengchong declined. This fact shows the importance of invigorating the border trade in the western border areas.

Over the years, though the western border areas have experienced a sharp growth in border trade, its scope is still limited. The limitations are: 1) The development of the trade is unstable because of inter-state political relations. For example, in the wake of the improvement in Sino-Soviet relations, trade prospects between Xinjiang and the Soviet Union are better. In particular, the scale of border trade will be further expanded after Urumqi is linked to the Tu Xi railway by rail. At present, however, the scale of Sino-Soviet border trade is directly linked to the improvement in Sino-Soviet relations. Since the Sino-Indian border issue is still unsettled, this will directly affect the development of border trade between Tibet and India, and will confine Tibet to the narrow market in Nepal. 2) The border trading venues are few and not evenly distributed, and the scope of trading is limited. The western border areas measure more than 10,000 km in length, but most trade fairs are concentrated in very few venues. According to the regulations, there should be 17 trading venues in the western border areas, but there are only four. There are only two gateways in Xinjiang trading with the Soviet Union. This situation has limited the development and the role of border trade. 3) There is too much political control but too little economic control over border trade. At present, China mainly controls its border trade in terms of trading venues and amounts traded, but it lacks scientific administration over taxation, pricing, currency, and items traded. Therefore, conditions are so confused that

the benefits of such trade are offset. For example, the average rate of profit from small transactions in the border areas of Dehong Tai-Jingpo Nationality Autonomous Prefecture, Yunnan Province, was 10 percent in early 1985. It dropped to 4.6 percent by the end of that year. It fell further to 3.2 percent between January and October 1986. (Footnote 4) ("Collection of Theses Delivered at the National Conference on Theories on Trade and Economies of Nationalities," p 157, edited by the secretariat of the Chinese Society for Research on Trade and Economies of Nationalities) Furthermore, China's control over amounts traded and trading venues has limited the expansion of the scale of border trade. As it lacks effective control over taxation, pricing, and currency, it is difficult for this type of limited scale of border trade to play its proper role. In order to invigorate border trade, we must break through the limitations and implement corresponding support measures.

First, there must be guarantees concerning China's foreign policy. Whether or not China's foreign policy can establish friendly relations with countries in the southern, western, and central parts of Asia will determine the success of invigorating the border trade of the western border areas. If the relations between two countries are tense, there will be neither free trading between people living on either side of the border nor open foreign markets. Therefore, proceeding from the economic benefit of the two sides, both central and local governments should adopt a positive attitude toward the issue so as to develop a friendly atmosphere, and promote comprehensive economic and cultural exchanges between them and the southern, western, and central parts of Asia. They should also gradually reduce their political influence over economic affairs, and let economic exchange become independent. Economic relations will thus become more stable.

Second, we should lift the control on amounts traded, and gradually replace administrative controls by readjustment by economic levers. At present, the state still takes a conservative attitude toward border trade. Its control on amounts traded is one example. Previously, the maximum amount traded was 20 yuan, and it was not until recently that the figure was increased to 100 yuan. In addition, the state treats transactions between collective enterprises and departments as small transactions. Proceeding from the needs of economic development, the advantages of expanding the scale of border trade outweigh its disadvantages. It is groundless to classify border trade into mutual markets, small transactions, local trade, and so on, and to impose restrictions on it. In order to invigorate border trade, we must lift these restrictions. At the same time, we should formulate new and feasible measures for the control of taxation, pricing, and currency. We should establish the normal procedures of border trade and make them dovetail with those adopted by markets in the southern, western, and central parts of Asia.

Third, we should establish a multilevel structure of border trade. We should adopt a relaxed attitude toward

border trade. We must not only actively develop trading between local governments, but also lift the restrictions on mutual markets and small transactions. We should create an amiable environment for border trade. Thereby, official trade and nongovernment trade will promote each other; a multichannel, diversified, and multilevel border trade will develop; and a systematic network of border trade will gradually be established. The channels of border trade at present are rather simple. For instance, the mutual markets and small transactions exist only in Yunnan Province. The pattern of border trade between Xinjiang and Pakistan is simply local trade organized by governments. Obviously, this type of simple border trade is unfavorable to the expansion of border trade. The establishment of a multilevel structure will promote mutual complementarity, as well as mutual promotion, among various trading patterns and trading channels. For instance, the Burmese Government at present prohibits private businessmen from dealing in border trade, and regards the small transactions with people living in Yunnan as illegal. If Yunnan Province and the Burmese Government establish official local trade, we may flexibly readjust relations with the Burmese Government, make the small transactions and local trade promote each other, and expand the scale of border trade.

Fourth, we should open more gateways, develop a rational distribution of border trade venues, and build those places with great development potential into special zones for border trade. By acting in accordance with the characteristics of economic development in the western border areas, and gearing to the socioeconomic needs of the people living in the border areas, we should restore the traditional trading channels while developing new trading gateways, so as to expand the coverage of border trade and strengthen the influence of border trade on the economic development in the western border areas. At the same time, we should build special zones for border trade in places having favorable economic development conditions and which are easily accessible, such as Dehong in Yunnan, Rikezi in Tibet, and Ili in Xinjiang.

With its experience in unprecedentedly establishing the special zones in the eastern areas, China can develop these special zones in the western areas without taking a winding course. The unprecedented establishment of special zones for border trade will help us develop large-scale border trade, and help us expand and accelerate the economic information exchange between China and other markets in the southern, western, and central parts of Asia. Furthermore, establishing a quite complete system of economic development, as well as an active trade market, in the western border areas will exert a profound influence on economic development in the western border areas.

### ECONOMIC ZONES

**Yantai Begins International Direct-Dial Service**  
*OW290918 Beijing XINHUA in English*  
1610 GMT 26 Mar 88

[Text] Jinan, March 26 (XINHUA)—Yantai city in Shandong Province started an international direct-dial telephone service today.

The automatic international switchboard installed in the city's newly built 16-story post and telecommunications building was imported from Federal Germany.

## LABOR

**Large-Scale Transfer of Surplus Rural Labor**  
40060158 Hong Kong LIAOWANG [OUTLOOK]  
OVERSEAS EDITION in Chinese  
No 7, 15 Feb 88 pp 10-11

[Article by Jiang Xiaohua [5592 2556 5478]: "Massive Transfer of the Rural Surplus Labor"]

[Text] Chinese peasants, who for generations had rooted themselves to the soil, have transplanted themselves in recent years. Based on incomplete data, in the past 9 years, close to 70 million peasants have shifted to industry, commerce, and other nonagricultural occupations. This has revitalized the long depressed rural economy.

### Forces that Push and Pull

Historically, China has based its economy on agriculture, and industry and commerce have always played an insignificant role. Feudal rulers of past dynasties had long followed a policy of suppressing industry and commerce. Families practicing primitive farming methods and subsisting on small farms typified the rural society, and generation after generation, the peasants had been shackled to their small plots of land.

After the founding of New China, we struggled for 30 years to meet our most basic needs, and with only one-fifteenth of the world's arable land, we finally managed to feed one-quarter of the world's population. But for a very long time, we have failed to comply with economic laws, and have devoted ourselves entirely to grain production, concentrating the absolute majority of our labor force on the limited amount of arable land, and as a result we have fallen behind in other areas, and agricultural production stagnated as well.

In 1979, reform of the rural economy was launched. Peasant production rose to an unprecedented level, and labor productivity increased significantly. One-third of the labor force became idle; people needed work and were looking for ways to attain prosperity. At the same time, a group of skillful workers from the countryside began to emerge and spearhead a move away from the land. They make full use of their talents in township enterprises, transportation, construction, and other nonagrarian sectors. Their income doubled, and they have greatly inspired their neighbors.

Thus, the push from within the agricultural sector and the pull of external forces combined to move the long-entrenched agricultural labor force. Subsequently, the government also adopted several measures as a way of providing incentives, which took advantage of favorable

local conditions to expedite the transfer of the rural labor force. For example, a part of the industrial resources was made available to the peasants to help them get started, and certain industries were moved from the big cities to rural areas; land was made transferable with compensation, or contracted out to others, peasants were allowed to relocate and settle in the cities, the system of monopolized procurement of agricultural products was reformed, and rural enterprises were given certain privileges in taxes and credits.

Statistics show that in 1986, the agricultural labor force made up 61.1 percent of society's total labor force, down from 73.8 percent in 1978. The ratio has dropped 12.7 percent within 8 short years. In Zhejiang's Wenzhou City where the economy has flourished, by 1985, only 28.5 percent of the labor force remained solely devoted to agriculture, compared to 89 percent in 1978. In some areas the ratio has fallen below 10 percent.

### The Four Main Outlets

When the reforms first began, the country had a surplus rural labor force of about 100 million. This represents the largest surplus rural labor population in the world except in India. If this huge crowd had swarmed to the cities, we would have needed a hundred cities, each large enough to accommodate a million people, and we would have had to invest several trillion yuan. The country does not have this kind of financial resource.

In practice, however, the Chinese peasants have found several successful outlets for the transfer of the labor force:

—There has been a shift from cultivation to forestry, animal husbandry, sideline production, and fishery. Uncultivated slopes, hillsides, and seashore, and other resources have been fully utilized. The possibilities of breeding poultry, livestock, and fish, and growing fruit, trees, and grasses have been explored and diversified. In the past 9 years or so, close to 30 percent of the labor force have turned from cultivation to forestry, animal husbandry, sideline production, and fishery.

—Peasants have left the land and taken up employment in township enterprises, or have turned to industry, commerce, transportation, construction, and services in small cities and towns, but their families have stayed in the villages. Among this group, those who joined township enterprises are in the majority. In 1987, 85 million people, 22.4 percent of the total rural labor force, were employed in township enterprises. This is a net increase of more than 55 million people compared to 1978.

—Peasants have gone beyond township boundaries to earn money in other parts of the country. These are known as migrant workers. In general, the skilled workers move from the well-developed areas to the undeveloped areas, while the unskilled laborers move in the other direction. In recent years, large groups of peasants

from east and south-central China have flocked to Gangsu, Qinghai, Xinjiang and other remote border areas in early spring to work on nonagricultural jobs, and returned home in the fall. For the past few years, more than 30,000 peasants from Jiangsu Province alone have gone to Xinjiang for construction jobs.

—Peasants assume responsibility for providing for their own livelihoods when they give up their food rations when they move to cities and towns to open factories and shops. They participate in the tertiary industries which society needs but which urban dwellers are unwilling to provide.

Among the above outlets, the second, "leaving the soil but not the village," is the most common. Sample surveys taken by the relevant departments of close to 30,000 peasant households in 280 villages showed that of the total labor force which has transferred out of agriculture, only 5.8 percent of the people have gone to the county-towns or even larger cities, and more than 90 percent are scattered in the townships or smaller towns and villages.

#### The Macroeconomic Effects

The massive transfer of the rural labor force has had a major impact on the Chinese economy. It has not only improved the industrial structure of the rural areas, it also hastened the all-out development of the economy, tapped new financial resources for the country, enlivened the urban and rural markets, and increased peasant income. Between 1978 and 1987, the combined output value of forestry, animal husbandry, sideline production, and fisheries has increased from 23.2 percent to 37.6 percent of the GVAO. The output value of the secondary and tertiary industries also increased from 31.5 percent to 45 percent of the gross output value of the rural society during the same period, and in some well-developed regions, the ratio exceeded 70 percent.

The development of the nonagricultural sector has made agriculture less labor-intensive, improved labor productivity, and made possible the realization of economies of scale. For example, one-quarter of the agricultural production in the towns and villages of rural Suzhou City are mechanized or semi-mechanized. The city's Yuanhe Village in Wujiang County has mechanized their wheat and rice productions, and as a result, 19 workers can take care of the whole village's more than 500 mu of cultivated land. The average net income of each of these workers is 1,200 yuan a year, slightly higher than a worker in township enterprises.

The development of the nonagricultural sector on the one hand reduced the ratio of the agricultural population, and speeded up the process of industrialization and urbanization, and on the other hand, it increased the value of rural production. In 1978, the output value of the rural society was less than 30 percent of the nation's total output value. In 1986 it had increased to 40

percent. This represents a drastic change in the distribution of the national economy, and signifies the hope of greater prosperity for cities and villages alike.

Workers from economically developed areas like Jiangsu, Zhejiang, and Guangdong take advantage of their special training and talents and move to less developed regions to work in nonagricultural jobs, bringing with them new technologies. Meanwhile, the spread of workers from the underdeveloped regions brings higher income for the people and more capital accumulation. The migrant peasants bring back funds, technologies, information, market concepts, and the enterprising spirit, and greatly stimulate the local economy.

After the exodus of a large portion of the agricultural labor force, China's agriculture not only did not atrophy, on the contrary, its GVAO increased at a rate of 6.6 percent a year. The nation's farm production value was 47 percent higher in 1986 than in 1978. The production of food crops which is vital to the economy and the livelihood of the people has increased 13 percent despite diminished acreage, and the production of cotton has increased even more.

On the whole, the shift of the Chinese rural labor force has been relatively smooth. Experts predict that because the population continues to increase and surplus labor has yet to be absorbed into the economy, there will be another 150 million workers seeking employment by the end of the century. This means that we will have to transfer more than 10 million in surplus labor a year.

The Chinese government is therefore working hard to accomplish the following:

—Implement job-training, and improve the quality of the labor force to enable the peasants to take up mental rather than physical labor.

—Organize and open different kinds of labor markets to facilitate greater mobility of workers between towns and villages, across regions, and between different industries.

—Encourage and promote the concentration of cultivated land in the hands of experts to achieve greater economies of scale.

—Actively support the development of township enterprises, and vigorously create more small towns to serve as political, economic, and cultural centers in the rural areas.

—Set up regional guidance and support systems. The well-developed regions can take care of their own surplus labor force; all they need is political guidance. The moderately developed regions are less knowledgeable about nonagricultural undertakings; they need financial and technical and more manpower. The undeveloped regions need to readjust the internal structure of their agricultural sector.



Experts predict that if the above measures are adopted, the problem of surplus rural labor can be solved. It is estimated that by the year 2000, of the 400 million rural workers, about 30 percent will take up cultivation, 40 percent will enter township enterprises or work in small cities and towns, 20 percent will be in forestry, animal husbandry, sideline production, and fishery, and 10 percent will move to the large and medium-sized cities.

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## TRANSPORTATION

### Dalian Port Breaks Record for Monthly Volume

40060206b Beijing ZHONGGUO JIAOTONG BAO in Chinese 17 Feb 88 p 1

[Text] The Dalian port administrative bureau experienced brisk activity in the January production off-season. As of 31 January, the port handled 4.153 million tons of freight, an 11.2 percent increase over the same period in 1986 and the highest monthly volume since the port went into operation.

### Shekou Deepwater Berth Completed

40060206a Beijing ZHONGGUO JIAOTONG BAO in Chinese 17 Feb 88 p 1

[Text] A 35,000-ton class deepwater berth has been completed and put into operation at Shekou port in the Shenzhen Special Economic Zone. To date this is the Pearl River delta's largest deepwater berth. Since 1980 a total of 16 berths of 5,000-tons, 15,000-tons and 25,000-tons have been built at the Shekou port. In 1987 the port handled 1.65 million tons of freight, a 14 percent increase over the previous year, and 1.4 million passengers, a 33.5 percent increase over the previous year.

## AGRICULTURE

### Guangdong Agricultural Output Value, Peasant Income

40060189c Beijing NONGMIN RIBAO in Chinese 23 Feb 88 p 1

[Excerpt] In 1987 the gross value of agricultural output in Guangdong Province exceeded 20 billion yuan, a 7 percent increase over 1986. Per capita peasant income was 610 yuan, an increase of 64 yuan over 1986. Over the past two years, Guangdong has set up more than 4,000 agricultural production bases, 2,000 of which are export production bases, and the total area is 4,500,000 mu.

### Hebei Cotton Area

40060180c Beijing JINGJI CANKAO in Chinese 24 Feb 88 p 1

[Excerpt] According to a survey of 2,185 rural households in 42 counties and 396 villages in Hebei Province, the area sown to cotton in 1988 will reach 13,400,000 mu, an increase of 1,030,000 mu over 1987.

### Hunan Rural Savings

40060187b Changsha HUNAN RIBAO in Chinese 4 Feb 88 p 1

[Excerpt] At the end of 1987, rural saving deposits in Hunan Province totaled 4.834 billion yuan, and per capita savings were 128.53 yuan, a net increase of 38.6 yuan over 1986.

### Jiangxi Peasant Income

40060189a Nanchang JIANGXI RIBAO in Chinese 5 Mar 88 p 1

[Excerpt] In 1987, peasant per capita net income in Jiangxi Province was 429.29 yuan, an increase of 33.66 yuan over 1986.

### Jiangxi Agricultural Funds

40060187d Nanchang JIANGXI RIBAO in Chinese 11 Feb 88 p 1

[Excerpt] In 1987, the Jiangxi Provincial Financial Department allocated 376,260,000 yuan for agriculture, a 2.4 percent increase over 1986, and accounted for 9.92 percent of provincial expenditures.

### Jilin Corn Processing Enterprise

40060189b Beijing JINGJI RIBAO in Chinese 19 Mar 88 p 2

[Excerpt] In the middle of February, the State Planning Commission approved the feasibility study on constructing a large corn processing enterprise in Jilin Province. The Jilin Songyuan Food Industry Corporation with the cooperation of the Hongkong Yongxin Technical Corporation will build a large-scale corn processing enterprise, using imported advanced production technology of the 80's. At present, Jilin produces more than 10 million tons of corn annually, and accounts for 70 percent of Jilin's grain output. Using new technology will increase the utilization rate of corn from 60 percent to 95 percent. The annual output of refined starch will be 78,000 tons, denatured starch 30,000 tons, corn protein 9,610 tons, corn oil 4,700 tons, and 40,000 tons of fibrous feed. The total investment for this project will be 110 million yuan; after it goes into operation profit taxes are expected to reach 47 million yuan and earn 8 million yuan in foreign exchange.



**Qinghai Grain Output**

40060187a Xining QINGHAI RIBAO in Chinese  
9 Feb 88 p 1

[Excerpt] In 1987 grain output in Qinghai Province was 1,041,500 tons, and oil crop output was 103,800 tons, increases of 5.9 percent and 0.2 percent respectively over 1986. Per capita peasant income was 392.15 yuan, a 6.2 percent increase over 1986.

**Shandong Cotton Area**

40060180e Jinan DAZHONG RIBAO in Chinese  
12 Feb 88 p 1

[Summary] In 1988 the estimated cotton area in Shandong Province is 20,078,000 mu, a 10 percent increase over 1987.

**Shanxi Peasant Income**

40060180d Taiyuan SHANXI NONGMIN in Chinese  
18 Feb 88 p 1

[Excerpt] According to a survey of 2,100 rural households in 35 counties in Shanxi Province, peasant per capita net income in 1987 was 376.87 yuan, an increase of 31.87 yuan over 1987.

**Sichuan Sugarcane Prices**

40060187c Chengdu SICHUAN RIBAO in Chinese  
15 Feb 88 p 1

[Excerpt] To increase sugarcane output, the Sichuan Provincial People's Government has decided that beginning with the 1988-1989 pressing season, the procurement price for each ton of sugarcane will be 90 yuan.

**Sichuan Peasant Income**

40060187e Chengdu SICHUAN RIBAO in Chinese  
17 Feb 88 p 1

[Excerpt] According to a survey of 5,500 rural households in 55 counties in Sichuan Province, peasant per capita net income in 1987 was 369.46 yuan, a 31.52 yuan increase over 1986. Of the 5,500 households surveyed, 534 earned less than 200 yuan, a decline of 107 households from 1986; 3,936 households earned 200-500 yuan, a 4.37 percent decrease; 971 households earned 500-1,000 yuan, a 34.12 increase; and 59 households earned more than 1,000 yuan, an increase of 40 households over 1986.

**ZTS Reports Changes in People's Values**  
*HK240203 Hong Kong ZHONGGUO TONGXUN SHE*  
*in Chinese 0724 GMT 15 Mar 88*

[Text] Price increases and the renminbi devaluation have caused many grievances among people on the mainland. However, the renminbi is not the only thing on the mainland to undergo devaluation. Many things that people admired and hankered after a few years ago have now been "devalued" to different degrees. There is no lack of such examples.

Professional titles, which indicated people's professional attainments and educational background—such as professor, associate professor in universities (or researcher and associated researcher in research institutes; editor-in-chief and deputy editor-in-chief in publishing houses; chief physician and deputy chief physician in hospitals, or senior engineer); or lecturer (or engineer, physician-in-charge, assistant researcher, editor, and reporter)—were symbols of a respectable social status for many years in the past. Many intellectuals worked hard to gain such titles in spite of the hardships in their lives. However, these titles have lost some of their luster in society. Similarly, the value of university diplomas has also fallen from the peak in the late 1970s and early 1980s. Young people are now less enthusiastic about entering colleges and universities. Although the schools have increased their enrollment quotas every year, the number of applicants has obviously fallen. Last year, when Shanghai's Hilton Hotel recruited waiters, applicants even included some university students and postgraduate students.

Professional titles were conferred excessively, and people who gained better titles could not really improve their living standards. This was a reason for the above-mentioned devaluation phenomenon. The rapid development of the commodity economy has made more people divert their attention to money, and this mentality could not but affect intellectuals as well.

Devaluation has also appeared in interpersonal relations. This phenomenon is more obvious in the south than in the north, more obvious in the coastal areas than in the interior areas, and more obvious in cities than in the countryside. Some people's moral concepts cannot keep pace with the rapidly developing commodity economy, and they think that "helping other people does not benefit oneself." For example, not long ago in Jiangxi, when a girl slipped and fell into the water, nearly 100 passersby just stood and watched, and someone who could swim said that only if he was paid a large amount would he jump into the water to rescue the girl. As a result, the girl drowned. In Guangzhou, a violent robbery occurred on a bus last month, and none of the dozens of passengers on the bus attempted to stop the crime. The driver and conductors even opened the bus door to let the robber go and refused to aid the wounded passenger,

who later died of serious injuries. This caused some people to ask, "Have the people in Guangzhou become so apathetic?" In fact, this shows the devaluation of people's morality.

"Progressive worker" and "model worker" were once glorious titles that were admired and respected by the people. However, such titles are now not so respectable. Progressive and model figures are now often the target of people's ridicule. Many people only pay attention to bonuses and other material benefits. When considering marriage, some people also pay more attention to material benefits.

The relevant authorities have not yet paid sufficient attention to this phenomenon of "pan-devaluation" in society. Some people only generally consider all this as "unhealthy tendencies" or as a demonstration of moral degeneration in society. However, some optimistic reformers do not think so. They hold that this is part of the cost that must be paid in order to develop the commodity economy and advance the reforms. They also assert that with the improvement of general educational levels, such negative changes in values will be reversed. It will take time to see who is right and who is wrong. In any case, "pan-devaluation" is still developing; this is an objective fact.

**Problems in Educational Reform**  
*40050125 Shanghai SHEHUI KEXUE [SOCIAL SCIENCES] in Chinese No 12, 15 Dec 87 pp 41-42*

[Article by Ding Gong [0002 6921]: "Preoccupation With Diplomas Inimical To The Training Of Different Types of Qualified Personnel"]

[Excerpts] Despite major breakthroughs and achievements in educational reform in China in recent years, the educational system remains grossly out of step with the development level of the commodity economy and with economic reform as a whole.

To begin with, the educational system is still over-centralized and excessively rigid. Take higher education, for instance. On the surface, higher education management is diversified: Some institutions are run by the state, some by central ministries or commissions, some by provinces (regions) and municipalities, some by commissions or bureaus under a provincial (regional) or municipal government, and some by enterprises. The advantage of this practice—functional departments operating colleges or universities—is that it can mobilize their enthusiasm for investing in education and match demand with supply so that students are taught skills that they can put to use. In reality, the practice has more disadvantages than advantages.

When an institution of higher education becomes the property of a department, that alone imposes on it functional and investment constraints highly detrimental to its ability to fulfill its role as a college or university.

Moreover, the institution would find it difficult to meet the requirements of a developing planned commodity economy in such areas as directional student recruitment, contractual student recruitment, training by commission, and diversified investment, leading to overlapping course offerings by different departments and the dissipation and wastage of teacher resources, equipment, and apparatus, which, in turn, would seriously hamper the sound circulation of qualified personnel. Even more important, this superficially diversified management system has actually degenerated today into a rigid, fragmented setup where everybody does his own thing in isolation from and with no coordination with others. People who pursue diversification and pluralism have good intentions, but in essence what they are doing is equalization and leveling. Each department is controlled to death and lacks communication and exchange with other departments, which is essential. As a result, there is no competition between institutions, between teachers, or between students, and market regulatory mechanisms are not operative in education, society, and enterprises. Schools lack internal vigor while both students and teachers and even society and enterprises have no educational drive. The idea of turning educational institutions into relatively independent entities can very well remain empty talk. The mismatch between this educational system and economic structural reform means that the many demands made by economic social development on education would not be met.

Second, as far as educational objectives are concerned, there is a trend toward stressing one single goal: the preoccupation with the academic diploma is pervasive. Admittedly, the diploma is an important means of improving the scientific and cultural level of the entire population and has practical significance for popularizing education and raising the educational standard. However, it is undesirable to make the academic

diploma the sole yardstick with which to classify qualified personnel. While this point has been made by many comrades and changes have been introduced, the effect has been limited. Take the three educational sectors—general education, adult education, and vocational education, for instance. They should each have their own individuality. The way things are going, however, both adult education and vocational education at the elementary, secondary, and advanced levels are seeking to emulate general education in such matters as guiding educational philosophy, teaching methods, teaching processes, and the use of teaching materials, while ignoring their own special characteristics and principles. This leads to a deep incompatibility between, on the one hand, the diversified personnel requirements of a diversifying economy with its multiple levels and forms and, on the other, an educational model that is exclusively concerned with diplomas. The question of turning education into a tangible productive force has not been properly resolved. Essentially this means balancing the objectives of different kinds of education. Since the objectives have not been clearly defined, education is ill equipped to meet the different requirements of unbalanced economic development. The upshot is that the divorce between education and socio-economic development remains the principal problem in educational reform in China today.

The problem outlined above, namely the conflict between the pursuit of balance within education and unbalanced socio-economic development, is a major problem facing educational reform in China today. Certainly, any earnest attempt to resolve the problem must be combined with efforts to change social concepts in the larger environment outside education, such as the notion of qualified personnel and value system. But this is not to say that educational reform in itself cannot accomplish anything.

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### **Need for Military To Protect Ocean Territory, Resources**

*HK240341 Beijing JIEFANGJUN BAO in Chinese  
11 Mar 88 p 3*

[Article by Cai Wenyi (5591 2429 6318): "Reefs, Islands, Oceans, and the Future of a Nation"]

[Text] Okinotori Island is a small island located in the Pacific Ocean about 2,000 km south of Kyoto, Japan. When the tide is in, the island is only 4.7 meters wide from east to west. Next to this island is a still smaller island with a maximum width of 2.6 meters at high tide. These islands have no minerals, rare animals, or inhabitants. However, it has been recently reported that the Japanese Government has decided to spend a huge amount of money on saving these two islands from sinking.

It is hard to understand this unprecedented move. What are the real intentions behind this move? After careful consideration of the matter, we realize that although these small islands by themselves do not have any military or economic value, if these two pieces of territory (territory refers only to the land above the water surface) are preserved, then according to the United Nation's "Laws of the Sea," Japan has territorial rights over the 1,500 square km of water surrounding these two islands and the surrounding 400,000 square km of exclusive economic zone. The area of water of this exclusive economic zone is larger than the area of the Japanese mainland. If international approval is obtained, Japan can explore the seabed resources under this area of water. We can see that a tremendous amount of a nation's benefits can be tied to the emergence or the sinking of two small islands.

In the past it would have been unthinkable to spend large sum of money on preserving a small reef. However, it is a sensible move in the current 20th century. There are two reasons for this: First, scientific progress has strengthened human understanding of the oceans; second, due to the fact that the world population is increasing tremendously and world industry is developing rapidly, the consumption of materials is increasing continuously, and land resources and energy are thus being significantly reduced. According to estimates by experts, the earth's supply of zinc can only last for about 30 more years, manganese for about 80 years, nickel for about 40 years, and tungsten tin for about 50 years; the area of land suitable for farming decreases day by day. This situation forces human beings to search for new sources of food, energy, and resources. The oceans form a huge treasure house that has not yet been fully exploited. Prospecting has revealed that the oceans contain some 70 types of elements, including a 9 billion ton verified reserve volume of nickel and a 5.8 billion ton verified reserve volume of cobalt. The reserves of both elements can last for several hundreds of thousands of years. The verified reserve volume of copper is 5 billion

tons, which is sufficient for 700 years of human consumption. The investigated reserve volume of offshore oil represents about 30 percent of the total reserve volume of oil in the world. Apart from these, there are 300 billion tons of manganite in ocean seabeds, which is several hundred times more than the amount of manganite on land and is sufficient for 20,000 years of human consumption. The reserve volume of uranium, an important source of nuclear energy, in the oceans is some 4 billion tons, which is 4,000 times the amount on land. According to forecasts by scientists, by the year 2000, the shortage of protein will double. However, after taking the ecology of the oceans into consideration, fish resources can supply some 200 million tons of protein, which is more than 15 percent of the animal protein needed by human beings every year.

This background information helps us to easily understand the significance of the move of the Japanese government in spending a huge amount money on preserving the two small islands.

In fact, many countries, particularly those that have advanced technology and are economically developed, have proceeded from long-term national interests and have already, one after another, diverted their attention to the oceans. The United States of America pointed out that "If we do not sensibly use the oceans and the seabeds, which make up 70 percent of the surface of the globe, the future security and prosperity of the United States will go into eclipse."

China has an area of 9.6 million square meters, the third largest area, next to that of the USSR and Canada, in the world. However, China has the largest population in the world, and its per-capita area of land is 14.4 mu, which is 30 percent lower than the world's per capita level. The total area of farmland in China is only about one-tenth of its total area of land. The per capita area of farmland is only about 1.5 mu, which is about two-fifths of that of India, one-third of that of France, one-seventh of that of the USSR, and one-eighth of that of the United States. Moreover, it is far below the world's per-capita level of 4.9 mu. China's population increases at an annual rate of 1 percent. In order to make sure that the descendants of the Chinese nation can survive, develop, prosper, and flourish in the world in the future, we should vigorously develop and use the oceans.

To protect and defend the rights and interests of the reefs and islands within Chinese waters is a sacred mission for the Chinese Army and the entire Chinese nation. The reefs and islands in Chinese waters have been invaded and occupied on several occasions. For instance, since the 1970's the Nansha Islands have been occupied by foreign countries. The Chinese government has solemnly declared many times that these islands and reefs are within Chinese territory and other countries are definitely not allowed to invade and occupy them. The Nansha Islands not only occupy an important strategic position, but every reef and island is connected to a large

area of territorial water and an exclusive economic zone that is priceless. Looking at the oil exploring pavilions located in the waters close to the reefs and islands that have been invaded and occupied, we can understand why the invaders were so eager to get these reefs and islands.

The defense of the territorial unity and the protection of the rights and interests of the oceans are significant to the security and development of a country. We should not only pay attention to events today, but should also look out for the future.

**Contract System in Armored Force Production**  
40050169a Beijing JINGJI CANKAO [ECONOMIC INFORMATION] in Chinese 15 Feb 88 p 1

[Text] Nine large- and medium-size enterprises belonging to the General Staff Department's Armored Force Department solicited contracts in September of last year. By the end of the year, all of them ceased to experience losses and realized profits totalling 3.6 million yuan.

Factories of the Armored Force Department are responsible for the production of major repair and maintenance parts for tanks and armored vehicles throughout the PLA, as well as the production of training equipment. In recent years, because directives for military products have sharply decreased over the past several years and the factories were not prepared to "change tracks," half of the factories in the system experienced losses, with losses for the first half of 1987 reaching 2 million yuan. Last September the Armored Force Department studied the experiences of the locales in reform, and decided to introduce a competitive system into the subordinate factories. Vacancies for factory directors were publicly announced and a contract enterprise responsibility system was implemented. After submission and evaluation of bids, those selected were formally appointed as new factory directors and contracts were signed with the managing departments of higher levels.

Factory 6409 had heavy losses amounting to 1.7 million yuan last year before contracting began. Business was bad and the workers were depressed. During the competition for the directorship, former deputy chief engineer Tang Guangcai won out, whereupon he set up a cabinet of able people and streamlined the organization. Contract responsibility was implemented at each level in factories and production lines, giving the enterprise new vitality. By year's end, not only was the 1.7 million yuan loss recovered, by a profit was turned as the enterprise steadily climbed.

**Kunming Reserve Signal Regiment Established**  
40050169b Kunming YUNNAN RIBAO in Chinese 13 Dec 87 p 1

[Excerpts] It was announced on 12 December that the Kunming Ground Forces Reserve Signal Regiment was established. Leaders of the Chengdu Military Region reviewed the troops at the announcement ceremony.

**Xianyang Reserve Division Training Center Established**  
40050169c Beijing JIEFANGJUN BAO in Chinese 27 Jan 88 p 1

[Excerpts] A certain reserve division training center was established in early January at the Lanzhou Military Region's Xianyang Reserve Division. Lanzhou MR leading organizations affirmed this method on 22 January.

This center converted a regimental level training site into a collective divisional training site. It centralized the previously dispersed divisional and regimental organizations so that cadres on active duty can work together and strengths can be organized in a uniform manner. The practice of one county establishing one regiment was expanded so that two or three counties establish one regiment.

The establishment of this type of center creates conditions for properly training reserve and militia training. First, the division-established training site concentrates training expenditures and perfects educational facilities. Second, placing the division and regiment organizations together helps active cadres to better manage and resolve contradictions between their daily work and training. Third, forming one regiment from several counties helps to organize training with reserves and militia. Fourth, it evenly distributes the grassroots training task and avoids placing a burden on the locales for the living expenses, housing, and land utilization needed for separate training.

**Mine Demolition Test Site**  
40050169d Beijing JIEFANGJUN BAO in Chinese 23 Feb 88 p 1

[Excerpts] In early February, yet another batch of land mine demolition equipment completed environmental testing, the precise data providing a scientific basis for finalizing product design. This shows that China's mine demolition equipment test site now has the scope to complete with high quality its mission of testing all types and sizes of mine demolition equipment.

The engineer troops' research institute with this mission was established in the mid-50's. It can now test rocket mine laying, airborne mine laying, antitank mines, anti-personnel mines, special mines, naval mines, mine detection devices, and demolition equipment systems.

**Mobile Satellite Ground Station Tested**  
40050169e Beijing JIEFANGJUN BAO in Chinese 25 Feb 88 p 1

[Excerpts] A satellite ground receiver station which is not effected by environmental or weather conditions, and which can operate on the Gobi or deep in mountainous areas was successfully tested in mid-February in the Tarim Pendi, Xinjiang. Last year in April the Xinjiang Military District planned to outfit six mobile satellite

ground receiver stations towed by "Jiefang" and "Dongfeng" brand support vehicles. By fixing the antenna on a satellite, television broadcasts can be received.

**First Military Roadmaps Published**

40050169f Beijing JIEFANGJUN BAO in Chinese  
25 Feb 88 p 1

[Excerpts] China's first set of military roadmaps have been published and distributed throughout the army to elements at the regiment level and above. This set, recently completed by the Survey and Mapping Bureau of the General Staff Department, comprises 31 sheets.

**Development, Certification of Footware for Protection Against Mines**

40050169g Beijing JIEFANGJUN BAO in Chinese  
26 Feb 88 p 1

[Excerpts] Chongqing, 25 February: The 3d Military Medical College has developed the Type-FLX-I mine-proof shoe which was technically certified here today. It reduces [ground] pressure, prevents broken bones, lessens injuries, and facilitates mobility. Last September, researchers from the 3d Military Medical College tested the shoes on more than 400 engineers, scouts, and infantry on the Laoshan frontline. Their reaction was

that the shoes are waterproof and slipproof, are similar in weight to the fur boots used by the PLA in winter, and can easily be worn over rubber shoes.

**Comprehensive Tank Training Simulator Developed**

40050169h Beijing JIEFANGJUN BAO in Chinese  
27 Feb 88 p 1

[Excerpts] Chengdu, 26 February: A multifunctional comprehensive tank training simulator vehicle was successfully developed by the tank crew training regiment of the Chengdu Military Region. Yesterday, Chengdu MR Deputy Commander Ma Bingchen enthusiastically viewed a demonstration by the test vehicle.

In the past, our tank training simulation equipment was only capable of single functions, so that students had to divide their training among separate classrooms for driving, firing, and communications. This new simulator combines these three functions into one. The tank's commander, driver, and gunner can now train together. After entering into trial use this January, basic training has been shortened by one-third and the percentage of students testing up to standards has increased by 50 percent.

## CENTRAL-SOUTH REGION

### Commentary Urges Improving Cadre Shortcomings in Henan

HK020457 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 1 Mar 88

[Henan Radio and Television News Center Commentary: "Serve the People, Do Not Vie for Official Posts and Powers"]

[Excerpts] The spring festival is over, and spring has returned to the earth. The whole year's work is decided in spring. In this splendid season, we cannot bask any more in our past achievements but must get mobilized to take aim at this year's tasks and plunge into new battles.

What kind of mental outlook should the leading cadres at all levels have in the face of the new situation and tasks? The most important and basic thing is to establish the spirit of serving the people wholeheartedly.

However, in recent years, due to the influence of the official post mentality and seduction and corruption by decadent ideas in society, the phenomenon of vying for official posts and powers has emerged in our cadre force, while the concept of serving the people has weakened. Some cadres regard the powers in their hands as private interests to be pursued. As Lenin critically pointed out, so long as I can reap some profit, it does not matter that nothing is left for others. There are even those who engage in speculation for official posts and shamelessly demand them, regarding such posts as a means to make a fortune and abuse powers. These ideas and actions encourage unhealthy trends in the party and society. Can such cadres gain the people's trust and make a success of reform and construction? No.

Some people say, should not cadres also be allowed to get rich through developing commodity economy, now that we are in the initial stage of socialism? What does it matter if they abuse their powers a bit? This is a completely muddled idea. We permit the cadres and party members to get rich within the scope allowed by the law and discipline, to take into account and protect the cadres' proper individual interests and legitimate income. However, this certainly does not mean that they can pursue individual wealth in total disregard of the masses, and still less that they can abuse their powers. As an advanced segment of the masses, cadres should have loftier ideas and virtues. They should be the first to worry about things and the last to enjoy things. Precisely because we are in the initial stage, it is all the more necessary that the cadres take the lead in building an enterprise through arduous effort. Cadres will be spurned by the masses if they cite the initial stage to cover up their pursuit of private interests.

There should be no room in the socialist cadre force for those who worry about personal gain and loss and are unwilling to suffer the slightest discomfort, those who

talk all day long about their requests regarding ration coupons, housing, autos, and their offspring, and those who are half-hearted and hesitant or even hypocritical about reform and construction.

## SOUTHWEST REGION

### Poll: Views on Political Structural Reform

40050152b Chengdu SICHUAN RIBAO in Chinese 16 Jan 88 p 2

[Article by Li Yunbei [2621 0061 4301]]

[Excerpts] A recent poll in questionnaire form, conducted by the urban polling team of Chongqing municipality, questioning 2,400 households, indicates that there is a broad base for political structural reform.

The investigation revealed that 84.6 percent believed that the reform "is very necessary," and only 11.5 percent maintained a wait-and-see or skeptic attitude. To 93.9 percent, people believed that upholding the four cardinal principles and keeping up the reform and opening up to the outside world is "very important" or "quite important." Only 2.7 percent held the opposite view.

When asked about "your evaluation of the plant director and manager responsibility system," 74.6 percent regarded it as "very good" or "quite good." When asked about the method of creating leading cadres, 88.2 percent were in favor of the three forms of "democratic elections," "open invitations to apply," or "recommendations by the masses with appointment by the higher authority."

To 69.1 percent, people believed that there has been "marked improvement" or "some improvements" in bureaucratism and unhealthy tendencies among the leadership at all levels. To 72 percent, people believed that in the next 10 years, social atmosphere in China will have "fundamentally improved" or "will have improved," while only 6.4 percent were pessimistic.

The investigation, furthermore, reflected that the masses lacked sufficient ideological preparation for the great difficulty of political structural reform. An unrealistic optimism widely prevails, and an impatience for quick results. It is therefore very necessary to intensify propaganda and explanations on a broad scale.

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### Performance of Sichuan Provincial CPPCC

40050152c Chengdu SICHUAN RIBAO in Chinese 17 Jan 88 p 1

[Article by Ruo Quan [5387 3123]]

[Text] Since the 5th Session of the 5th Provincial CPPCC, delegates have submitted 324 proposals. These proposals are responses to certain actual conditions in

this province and center around the general policy of upholding the four cardinal principles, keeping up reform and opening up to the outside world, and revitalizing the domestic economy. They contain many good suggestions and ideas. By now the various proposals have already basically been implemented. All 324 proposals received by the Provincial CPPCC relate to over 80 units and localities. From different directions, they express aspirations and demands of the masses and reflect the effective functioning of the CPPCC's "political consultations" and "democratic supervision." For over half a year, departments of provincial rank, units of the central authorities stationed in Sichuan, and relevant municipalities, prefectures, and autonomous prefectures, after receiving proposals for action on their part, diligently studied them, conscientiously worked on them, and up to the present have finished their work and reported back on 321 items, which amounts to 99 percent of the proposals submitted. Among these, 91 items, or 28.4 percent, have been fully or basically implemented, 174 items, or 54.2 percent, are in the process of being resolved, or included in plans, preparatory to gradual solution, while 56 items, or 17.4 percent, cannot be executed, for the time being, due to certain unfavorable factors, or for other reasons.

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### **Sichuan Provincial People's Higher Court Work Report**

40050152a Chengdu SICHUAN RIBAO in Chinese  
25 Jan 88 p 2

[Excerpts] At the First Session of the Seventh Provincial People's Congress, Ren Lingyun [0117 0407 0061], president of the provincial higher court, gave a work report in six parts:

**1. On the trial of criminal cases.** In continued implementation of the "Resolution on Strict Punishment of Cases of Serious Threats to Public Security" and the "Resolution on Strict Punishment of Major Sabotage Against the Economy," promulgated by the Standing Committee of the NPC, the people's courts at all levels throughout the province since April last year have tried 14,467 cases and sentenced 17,058 criminals. These comprise 6,011 persons convicted by strict and swift sentences according to law for having seriously endangered public security, and 4,279 persons convicted by strict and swift sentences for major economic sabotage. Economic losses of the state amounting to 13,620,000 yuan have been recovered. With the appearance of new varieties of criminality, energetic drives were at the same time launched, in coordination with other relevant departments, against such special crimes as robbery, abducting and selling humans, robbing tombs, selling and smuggling cultural objects, illegal publishing, hunting and killing giant pandas, illegal purchasing and selling of gold and panda furs,

evading taxes and refusing to pay taxes, against prostitution and operation of brothels, and efforts were made to rectify market order, in the interest of maintaining economic and general public order.

**2. On the handling of civil cases.** Since official enforcement, as from 1 January last year, of the "General Rules of the PRC Civil Code," the law courts turned from only relying mainly on general policies in their adjudication of civil cases to the new stage of handling cases according to law. In the last 8 months, people's courts at all levels throughout the province have given judgement in 59,944 cases of the first instance, 16.2 percent more than during the corresponding period of the preceding year. Decisions in these cases have been good and have essentially ended the disputes. The courts had to handle, furthermore, new cases, such as copyright violations, protection of one's portrait, of one's reputation, of neighborhood rights, and cases of improper gains, for which there had been no legal provisions before and types which the courts had not handled previously. By patiently and painstakingly delving into the details when handling civil cases, such serious incidents as armed fighting, bodily injuries, and homicides have been averted in more than 3,200 cases, thus preventing and reducing criminality.

**3. On the handling of economic cases.** In a conscientious implementation of the "General Rules of the Civil Code," and of other economic laws, rules, and regulations, the people's courts of all instances throughout the province have actively received cases, earnestly processed and adjudicated many cases involving economic disputes, giving all cases best attention, and disposing of them according to law, promptly and accurately. During the past 8 months, judgement was passed in 10,612 economic disputes at the courts of first instance, an increase of 18.4 percent compared with the corresponding period of the preceding year. Funds which had been blocked due to the disputes, amounting to over 341,000,000 yuan, were thus returned to circulation and production, and normal economic order safeguarded.

**4. On handling of administrative cases.** The state's administrative legislation has been continuously increasing over recent years. Up to the present, 169 administrative laws, rules, and regulations, dealing with such subjects as control of public security, environmental protection in city construction, production management, and on science and technology, prescribe that any party who refuses to accept a penalty imposed by an administrative organ may file a complaint with the people's court. After time for such complaints has expired, or in case the penalty remains unpaid, the administrative organ concerned may appeal to the people's court for compulsory enforcement. The people's courts of all instances throughout the province are actively preparing the establishment of several administrative tribunals to handle administrative cases, and this undertaking is having a positive effect on the general public.



**5. On the supervision of judicial procedure and petitioning by letter or in person.** Up to the present, the problems in judicial work in Sichuan Province left over by history have all been basically resolved. The people's courts of all instances throughout the province have instituted reforms in the work of handling petitions by letter or in person by transforming the former organization for petitions by letter or in person into complaints and petitions tribunals, adjusting and improving facilities, and giving the work in connection with petitions by letter or in person a more institutionalized and law-based character. In the past 8 months, over 780,000 accusations, complaints, and other petitions by mail or in person by the masses have been accepted and handled throughout the province.

**6. On the improvement of the people's courts themselves.** For the last 8 months, certain progress has also been made in improving the people's courts themselves. Quality of the many cadres and police personnel has been further enhanced.

In his report Ren Lingyun said that the people's courts have still shown many deficiencies and problems in their work during the past 5 years. Most pronounced is the contradiction between capabilities and duties, quantity and quality of cadres are not up to the requirements of the situation, not all cases that should be handled could be accepted for handling, some cases that have been accepted could not be promptly adjudicated, an extremely small number of cases were not handled with sufficient care, their nature was not accurately determined, some were improperly handled, and much of the work still shows a lack of initiative.

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**Sichuan Provincial People's Procuratorate Work Report**

40050152d Chengdu SICHUAN RIBAO in Chinese  
25 Jan 88 p 2

[Text] In his work report presented to the First Session of the Seventh Provincial NPC, Gao Zhenzhong [7559 2182 0022], chief procurator of the Provincial People's Procuratorate, pointed out: Since the First Session of the Sixth Provincial NPC in 1983, the procuratorates at all levels throughout the province have achieved great successes in strengthening the socialist legal system and in safeguarding the socialist economic construction. During these 5 years, the procuratorates of the province have received requests from the public security organs for the approval of arrests of 203,468 persons. On investigation, approval was given for the arrest of 162,007 persons, 129,984 cases were accepted and sent on for suits to be filed, and after investigation public prosecution was instituted against 158,537 persons. Another 9,911 cases of economic crimes and 1,871 cases of law and discipline

infractions were placed on file for investigation. Economic losses amounting to 57,090,000 yuan were recovered for the state and for collectives, and over 640,000 accusations and petitions from the masses have been dealt with.

**1. Total investigations in Sichuan during 1987.** First, the crackdown on serious criminal activities, such as murders, armed robberies, rape, and causing explosions, was continued. The provincial procuratorates received requests from the public security organs to approve arrests of 33,721 persons. On investigation, arrests were approved for 25,873 persons, and 19,887 cases were accepted and sent on for suits to be filed, while public prosecution was instituted according to law against 23,998 persons. At the same time, special drives were directed against thefts, grave robberies, abducting and selling humans, prostitution and brothels, smuggling gold, etc. Second, forceful blows were again directed against those guilty of corruption, giving and accepting bribes, and other economic crimes of this nature. In the past year, a total of 1,770 cases of this type of economic crimes was taken under investigation throughout the province, and 833 persons were arrested. The value of recovered funds and goods was 16,250,000 yuan. Simultaneously, special drives were initiated against counterfeiting trademarks, evading taxes and refusal to pay taxes, and in these cases large amounts of economic losses were recovered for the state and for the collectives. Third, prosecution of law and discipline infractions was generally stepped up. In 1987, the procuratorial organs at all levels intensified the fight against dereliction of duties and criminal activities among personnel of the government, and throughout the year handled 2,825 cases of law and discipline infractions of various kinds. A total of 468 cases were placed on file for investigation, and proceedings to investigate closely into the criminal responsibility were initiated against 507 persons. Throughout the year and in the entire province, investigations revealed 65 cases of dereliction of duties and 124 cases where certain persons were responsible for serious accidents. Fourth, new developments took place in prison superintendence work. Provincial procuratorial organs at all levels stationed procuratorial staff at 112 detention houses, and sent procuratorial teams to 54 reform through labor and reform through education camps. Fifth, a further intensification in the work of investigating accusations and petitions. In the course of this year, procuratorial organs throughout the province handled 117,209 cases of accusations and complaints by mail or in person, and all the time placed great emphasis on the handling of accusations and complaints of all kinds. Sixth, the procuratorial contingent has been further strengthened.

**2. Earnest investigation of the ways in which procuratorial organs have implemented the "Criminal Code" and the "Code of Criminal Procedure" in recent years.** From March 1987 on, the people's procuratorates at all levels spent 4 months on an earnest investigation of the ways in which the procuratorial organs have implemented the

"Criminal Code" and the "Code of Criminal Procedure" in recent years, and made a comprehensive report to the standing committees of the people's congresses at all levels. The result of the investigation showed that the procuratorial organs of Sichuan Province had conducted their study of the two laws, and had applied them all these years, in a serious and conscientious manner. They had essentially put into effect the principles: "Wherever a law exists, it must be followed, execution of law must be strict, and violations of law must be strictly prosecuted." In actual work performance: First, they firmly persisted on dealing with all matters according to law. Criminals who according to the provisions of the law should be punished severely or with increased severity, they suggested to the people's courts be punished severely or with increased severity. Where the law prescribes that circumstances are such that punishment should be light, reduced, or even dispensed with completely, they suggested to the people's court that punishment should be light, reduced, or that the cases be dismissed. Second, they upheld the principle of seeking truth from facts. Since last year, 5,219 cases have been referred back throughout the province for additional supplementary investigation. In the cases of 2,934 persons, arrests were not approved, in the case of 434 persons it was decided not to proceed with prosecution, and in the case of 2,464 persons, no proceedings at all were initiated. The rate at which approved arrests were proved justified was 99.89 percent. The rate at which prosecution proved justified was 99.87 percent. Law courts arrived at guilty verdicts in 99.1 percent of all cases for which prosecution had been initiated after proper investigation, which is evidence that law had been accurately applied. Third, they upheld the principle that all citizens are equal before the law. All procuratorial organs strictly enforced the law, regardless of who the lawbreaker might have been, or what close personal relations existed. As long as there was a violation of law, it was felt necessary to investigate closely into the criminal responsibility. Cases of economic crimes and cases of law and discipline infractions, which all the provincial procuratorial organs investigated themselves

during the past year, involved 9 persons employed by the state in positions of county head and higher ranks, and 2,719 employees of prefecture head, section head, and lower ranks. Fourth, they conscientiously performed their function of supervising law enforcement. The procuratorial organs at all levels earnestly instituted supervision of the ways laws were administered during investigations and in judicial activities, as also by the departments in charge of reform through labor and reform through education, vindicating the respect held in China for its socialist legal system.

Investigations have revealed the existence of some problems, which are mainly: In circumstances when time is short and demands are pressing, controls had been relaxed in checking approvals for arrests and in the initiation of prosecutions. As a result, inferior work was done, and a very small number of mistakes have occurred. In those cases where attacks were directed against crimes committed by some cadres or police personnel, there had been a tendency to relax and a fear of stirring up trouble. Quite some difficulties were due to an insufficient capacity to handle the case load, limited operational funds, etc. Some procuratorates did not have the capacity to prosecute economic crimes that had been discovered, or were too slow in taking action, so that it happened occasionally that time limits for prosecution were exceeded, no prompt action was taken in cases of infringement of democratic rights of citizens, and laws were not strictly enforced.

**3. This year's work schedule.** In the new year, the core of all procuratorial work in Sichuan Province must be safeguarding and smoothly implementing the decisions of the 13th CPC National Congress, continuing emphasis on the "two strokes" as key items, further comprehensive accomplishment of all kinds of procuratorial duties, and earnest performance of the function of supervising the enforcement of law.

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**Hong Kong Paper Sees Country Adapting to  
Post-Chiang Ching-kuo Era**

40050129 Hong Kong PAI HSING [THE PEOPLE] in  
Chinese No 161, 1 Feb 88 p 9

[Article by Qiu Hongda [8002 1347 6671]: "Political  
Reforms Would Promote Internal Stability in Taiwan"]

[Excerpts] In running the KMT, Mr Chiang Ching-kuo paid relatively little attention to the institutions. For instance, he often ignored what the constitution says about the frequency with which the National Assembly must be convened. Sometimes the Central Committee did not meet for an entire year. The membership of the standing committee of the Central Committee was determined by the chairman. Its size also was increased time and again. As a result, its ability to conduct official business gradually diminished. But these conditions had existed for a long time, and Mr Chiang Ching-kuo did no more than follow established rules. Only recently, with the lifting of the ban on political parties, did the KMT prepare to introduce reforms so that other parties could compete with it fairly. Reportedly Mr Chiang Ching-kuo planned to announce major reforms at the 13th KMT National Congress, such as democratizing delegate elections, augmenting member participation in decision-making, institutionalizing party organizations, putting more workers and peasants on the Central Committee, and strengthening the role of the standing committee of the Central Committee, etc. Now that he has passed away, can these reforms be successfully implemented? This is the biggest challenge facing the KMT. Without reforms, the KMT is bound to decline day by day. But if it does reform, will some of the party elders (who include a host of enlightened people, but their influence is minimal) understand the importance of reform? Through his failure to reform the party during his lifetime, Mr Chiang Ching-kuo left behind a thorny problem.

Since the early 1980's, people in all quarters have made endless suggestions concerning parliamentary reform. The KMT totally ignored them and was reluctant to accept even limited modest reform proposals, such as abolishing the system by which vacant National Assembly seats were filled, revoking the membership of those who had taken out foreign citizenship and entered Taiwan with foreign passports, and retiring delegates who could not attend meetings. Only mounting pressure forced it to face reality. Some senior parliamentarians, out of touch with reality, still want to fight the retirement

system. Such a move is highly inadvisable and dangerous. As long as this problem remains unsolved, there will be no political stability in Taiwan.

As for Taiwan's international position, the KMT must face up to reality in the post-Chiang Ching-kuo era in order to break out of its isolation. If it continues to tie its own hands dogmatically, it will only become more and more isolated internationally while exacerbating domestic instability. Of course, the ROC's present isolation is primarily caused by the Chinese Communists' diplomatic offensive and united front. On the other hand, Taiwan's self-imposed constraints also are an important factor. For instance, a number of Third World nations want to establish diplomatic relations with Taiwan. However, Taiwan insists that they sever ties with Beijing first. A handful of people in Taiwan even suggest that only by hanging tough and refusing to compromise on the international stage will Taiwan be able to maintain its authority and justify itself at home. To me, exactly the opposite is true: The more intransigent Taiwan is and the more it refuses to compromise abroad, the more alienated its people will become. Some people may even be driven to support the "Taiwan independence" movement. This is something we must watch out for.

The Chinese Communists, it should be noted, believe that making life difficult for Taiwan and isolating it internationally is the only way to compel the KMT to negotiate and accept Chinese Communist sovereignty. I think just the opposite is true because the idea of "one nation, two systems" and Ye Jianying's "nine points" put forward by the Chinese Communists are unacceptable to the overwhelming majority of the Taiwan people. If the KMT were to negotiate under these terms, the island will immediately dissolve into chaos and KMT rule would be imperiled. Beijing's attempt to isolate Taiwan has prompted a small number of Taiwan people to challenge KMT's "one China" policy, contending that since the CPC does not appreciate Taiwan's "one China" stance and instead attacks it in all sorts of ways, Taiwan might as well go for "two Chinas" or "one China, one Taiwan." These people argue that only thus can Taiwan find a way out for itself internationally.

Before he passed away, Mr Chiang Ching-kuo decided to adopt a more open mainland policy and allow people to visit relatives on the mainland. That was a wise move and will promote Taiwan stability and prosperity. The KMT leadership should further adjust its mainland policy on this basis to reduce tension between the two sides. That will help its effort to encourage long-term investment in Taiwan.

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